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Reagan's Condition 'Exceptionally Good'; Authorities See No Sign of Plot in Shooting



John Warnock Hinckley Jr., accused of an attempt on President Reagan's life, as he was being escorted in a police vehicle to his arraignment before a federal magistrate in Washington.

Hinckley: A Drifter With Gun

WASHINGTON — John Warnock Hinckley Jr. was held without bail early Tuesday morning by U.S. Magistrate Arthur L. Burnett on a charge that he had "knowingly and intentionally" attempted to kill President Reagan and had assaulted a Secret Service agent.



President Reagan waving to spectators outside the Washington Hilton Hotel seconds before he was wounded in a shooting.

Active Role Foreseen During Hospital Stay

WASHINGTON — President Reagan, in "exceptionally good condition" after successful surgery following an assassination attempt, resumed his presidential duties Tuesday from his hospital room.

Brezhnev, Others Express Shock

By Joseph Fitchett International Herald Tribune — President Reagan's assassination attempt Tuesday from a Washington hotel, a flood of messages of sympathy Tuesday from world leaders including Soviet President Leonid Brezhnev, expressing shock at the assassination attempt and hopes for his prompt, full recovery.

Haig Role Revives Crisis Policy Issue

WASHINGTON — The sudden incapacitation of President Reagan revealed confusion in the White House over the line of authority in the event of a national crisis and brought new reports of strains involving Secretary of State Alexander Haig Jr.

Attack Could Shake New U.S. Confidence

WASHINGTON — Political Washington has recoiled with the fear that the political casualty of a shooting new assassination attempt on a president might be the slowly returning national self-confidence rekindled lately by the release of the American hostages in Iran and the start of a new administration.

Solidarity Moderates and Radicals Clash Over Walesa's Agreement With Regime

Warsaw — Moderates and radicals clashed at a stormy Tuesday night as Solidarity leaders debated whether to accept a government union compromise and formally call off a threatened general strike and backed down from confrontation with the new government.

Belgian Crisis Over Economic Plan

BRUSSELS (Reuters) — Warsaw Pact military exercises in and around Poland have technically ended but the level of military activity remains high, a NATO military source said Tuesday night.

Another Atlanta Child Found Slain

A 21st case has been added to the list of unsolved child deaths in the Atlanta area. Page 5.

Violence Wracks Gaza Strip

The placid surface of everyday life belies the seriousness of the religious and political violence that plagues the Israeli-occupied Gaza Strip. Page 5.

Focus on West Germany

The first of a three-part special supplement on West Germany's economy appears today on Pages 75-188. The other two parts will be published Thursday and Friday.

Reader's Digest Founder Dies

DeWitt Wallace, founder of the Reader's Digest magazine and publishing empire, is dead at the age of 91. Page 3.

INSIDE

Belgian Crisis Over Economic Plan
Belgian Premier Wilfried Martens offered his resignation after failing to resolve a Cabinet split over economic measures. Page 3.

Table with exchange rates for various countries including Algeria, Argentina, Bahrain, Belgium, Canada, Cyprus, Denmark, Egypt, France, Germany, Greece, Hong Kong, India, Israel, Italy, Japan, Korea, Kuwait, Lebanon, Libya, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, Oman, Pakistan, Portugal, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, U.A.E., U.S.A., U.S. Air, U.S. Sea, U.S. Land, U.S. Air/Sea, U.S. Land/Sea, U.S. Air/Sea/Land, U.S. Air/Sea/Land/Sea.

# Outside the Hotel: Cheers, Then Gunshots

By Lou Cannon  
Washington Post Service

WASHINGTON — It was a routine scene that Ronald Reagan as politician and president had played a thousand times. Mr. Reagan had delivered his basic speech, appealing for support for his economic program and deploring the increase in violent crime which was "making neighborhood streets unsafe and families fearful in their homes."

A white handkerchief in his pocket, seemed happy to be president. Outside the hotel more than 100 persons had gathered. Mr. Reagan, as he always does, paused and waved to the crowd. The crowd cheered. Nearby, the president's press secretary, James S. Brady, walked toward a staff car, not looking at the president. To Mr. Reagan's left, slightly more than 10 feet away in a roped-off area, members of the crowd mixed with reporters and television cameramen who were photographing the president's departure.

Shots rang out, six of them in quick succession, with a slight pause between the second shot and the third. The shots appeared to come from the roped-off press area to the left of and below the president. To those close to the rope, the shots sounded like firecrackers. A woman screamed. A Secret Service agent yelled, "Get back, get back." Other agents jumped on a tall, blond man who was facing the president and holding a handgun. They pinned him against the concrete wall of the hotel.

In the noise of the crowd, those who saw the president at first thought he had emerged unscathed. They saw a Secret Service agent shove him into the right rear seat of his armored limousine. They saw Mr. Reagan hunched in the seat of the limousine, his body leaning to the left.

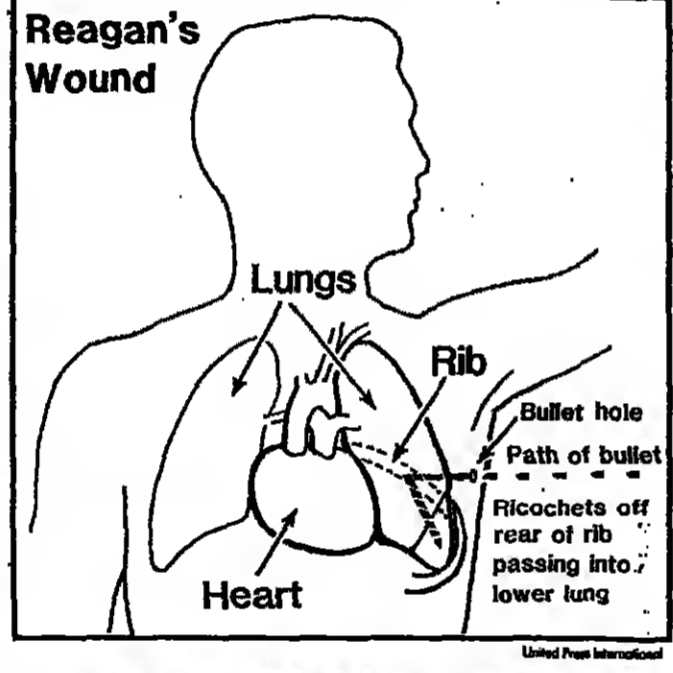


Diagram depicts assassination attempt on President Reagan. Mr. Reagan and three others (A,B,C,D) were shot in front of the VIP exit at the Washington Hilton by an assailant, who was captured on the spot. The president was pushed into his car and taken to the hospital. Stationed behind were the Secret Service car (SS on the diagram) and the presidential staff's limousine.

## Reagan 'Sails Through' 3-Hour Surgery To Drain Blood, Pull Bullet From Lung

By Susan Olcik  
and Victor Cohn  
Washington Post Service

WASHINGTON — President Reagan "sailed through" three hours of surgery at George Washington University Hospital to drain blood from the left side of his chest and remove the bullet lodged in his left lung, a doctor said.



Dr. Dennis S. O'Leary of George Washington University Hospital showing how an incision was made in President Reagan's chest by surgeons who removed a bullet from his left lung.

A surgical team led by Dr. Benjamin L. Aaron and Dr. Joseph M. Giordano performed a thoracotomy, an operation in which the rib cage was opened and the president's heart and lungs were examined.

Dr. O'Leary said the bullet had not struck the heart or any major blood vessels within the chest. It entered the chest below the left arm, traveled slightly downward and struck the seventh rib, then ricocheted into the chest, traveling about three inches through the lower lobe of the left lung.

By now, the crowd was growing and Secret Service agents and police were yelling to clear the street. The limousine bearing the wounded president sped off, with bullet holes in the rear door and rear window.

Meanwhile, Secret Service agents protected the man who had been holding the gun. They took him to a police car and tried to put him inside. But the door was locked, so they took him to another police car instead.

Most of the reporters who had watched Mr. Reagan speak to the national conference of the building trades unions were still inside the hotel. The first they knew of it was when Dean Reynolds of United Press International ran by them, pushing people aside in his haste to reach a phone.

Outside the hotel, despite the best efforts of the police, the crowd was growing. Reporters interviewed people at random and each other, hoping to find a witness. They found several, including a television cameraman who had photographed most of the event.

The television cameraman was Henry M. Brown of ABC, who said he had complained earlier to the Secret Service that members of the public had "penetrated the police line," creating crowded conditions in the press area and making it difficult to work. His complaint went unheeded. He was standing near the assailant when he started to fire.

Another television cameraman, Stephen P. Sung of NBC said: "We were facing them. We're doing a documentary on the first 100 days of the presidency, and we were in the pool. A blond guy, 29, 30, brings a gun right in Reagan's line of sight. I saw Reagan drop, then six people pushed him (the assailant) against the stone wall. They tackled his whole body and wrestled him against the stone wall. Then they rushed him into a police car. Brady was very bad. There was blood all over his face. He moved a little bit."

By now, the first news of the story was appearing on radio and television news bulletins, and reporters rushed to the Hilton from all over the city. Police hastily cordoned off the shooting area. Few at the scene knew that the president himself had been hit, and their knowledge of what had happened was not improved when David Prosper, a deputy White House press secretary, informed them that Mr. Reagan was uninjured and safely back at the White House.

But there were those at the Hilton who had actually seen what had happened. Three of the witnesses were from Davenport, Iowa. Mayor Charles Wright, city administrator Robert Mulready and assistant city administrator Michael Kadlecik were in Washington to lobby for federal programs which the Reagan administration would like to cut. One of their meetings had been canceled when they came back to the Hilton they were told the president was there.

Mr. Mulready said. Mr. Kadlecik had been outside for 20 minutes, standing near the man who fired the gun. Mr. Kadlecik noted his arm come up with a bang and the shot rang out. Immediately, the assailant was buried by Secret Service agents, and Mr. Kadlecik ran for cover behind a potted plant.

Regan Sets London Trip  
WASHINGTON — Treasury Secretary Donald T. Regan, in his first trip abroad since taking office, will meet the finance ministers of Britain, West Germany, France and Japan in London April 10-12, U.S. officials said Tuesday.



In scenes from television monitors, a gun (top photograph, circled), apparently that of the assailant, is pointed at the presidential limousine as President Reagan is hustled into the car and others are sprawled on the sidewalk outside the Hilton Hotel. The man at top center was identified as Timothy J. McCarthy, a Secret Service agent wounded in the shooting. In the photograph below, agents are shown wrestling with the suspect, center, identified as John Warnock Hinckley Jr.



## Brady Has Brain Damage But Is Expected to Live

WASHINGTON — White House Press Secretary James S. Brady, gravely wounded in the assassination attempt against President Reagan, is making "extraordinary progress" and probably will live despite extensive bullet damage to the right side of his brain, a doctor said Tuesday.

Dr. Dennis O'Leary, chief of clinical affairs at George Washington University Hospital, told reporters that Mr. Brady could move his limbs on the right side of the body — which is controlled by the left half of his brain — on command by his doctors.

But Dr. O'Leary ducked a question about possible paralysis of the left side of Mr. Brady's body, saying, "We are not able to assess that until we get a little further downstream."

Both of Mr. Brady's pupils respond to light, which Dr. O'Leary said was encouraging.

The doctor was optimistic about Mr. Brady's eventual mental capacity because "all his mental processes are on the left side," which sustained little damage.

One half of the brain is usually dominant, controlling most mental processes. For Mr. Brady, Dr. O'Leary said, the left half dominates.

Earlier Monday Mr. Brady had assigned another press aide to accompany the president to the hotel, but decided to go himself after completing the daily White House briefing for reporters.

The bullet that struck Mr. Brady entered his head beside the left eye and came to rest in the right rear portion of the skull, from which it was removed intact, Dr. O'Leary said. He described tissue damage on the right side as "fairly extensive" but only "minimal" on the left side.

The hospital listed Mr. Brady's condition officially as "serious but improving."

The 40-year-old Mr. Brady, the father of a 2-year-old son and a college-age daughter, was shot Monday afternoon as he walked out of a Washington hotel near President Reagan.

As security agents pushed the president into his car, Mr. Brady crumpled to the sidewalk, dropping face down on a grate, blood spilling from his wound.

Mr. Brady's wife, Sarah, was at his bedside. His 74-year-old mother, Dorothy, was brought to Washington from her home in the southern Illinois town of Centralia in a state-owned plane provided by Gov. James R. Thompson. Mr. Brady's father, Harold, an 85-year-old retired railroad worker who recently suffered a stroke, remained at home.



## TV Offers Vivid Look At Shooting

By Tony Schwartz  
New York Times Service

NEW YORK — Videotapes of the attempted assassination of President Reagan began running on the three major U.S. television networks less than half an hour after the shooting at the Washington Hilton Hotel. What ensued was a graphic documentation, from a variety of camera angles, of the attempt on the president's life.

ABC was the first of the three networks to televise footage of the shooting, beginning at 2:42 p.m. EST Monday, minutes after it occurred. Both NBC and CBS telecast video footage before 3 p.m.

All three networks continued, with uninterrupted coverage throughout the day. NBC went ahead with its coverage of the championship game of the National Collegiate Athletic Association basketball tournament, but offered a special report on the day's events at halftime.

The three networks routinely assign a correspondent and a camera crew to all presidential events, including speeches like the one Mr. Reagan delivered before he was shot.

Although none of the networks was covering the president's speech live, the videotapes of the shooting evoked memories of NBC's live coverage of the shooting of Lee Harvey Oswald, former President John F. Kennedy, accused assassin, by Jack Ruby in 1963.

The repeated running of the tapes of Monday's shooting drew home a number of images that as certain to endure: President Reagan being pushed down into his limousine afterward; his press secretary, James S. Brady, lying face down on the pavement; the suspect, John Warnock Hinckley Jr., being surrounded by law enforcement officials; and a Secret Service agent standing beside Mr. Hinckley and holding his automatic weapon aloft to protect the suspect.

As the networks began to report the story, a significant amount of misinformation was passed along. The most extraordinary error, which all three networks committed, was a late afternoon report that Mr. Brady had died.

Obituaries  
CBS made the announcement first, at 5:10 p.m., attributing it to congressional sources. Both Dan Rather, the CBS anchorman, and Frank Reynolds, the ABC anchor, delivered obituaries on Mr. Brady. Less than half an hour later, Larry Spangler, a White House spokesman, appeared to say that Mr. Brady was in serious condition but that he had not died.

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# Secret Service Detail Routine' for Reagan

By Charles Mohr  
New York Times Service  
WASHINGTON — The Secret Service White House protective detail formed a loose and shifting shield around the president on Monday afternoon, a so-called "detail" — as it does hundreds of times a year. The shield suddenly pierced by a gun's bullet before agents could remove their own bodies, as they do, or fire a shot, as they very seldom do in the service's history.

# Reagan Gets Condolences

(Continued from Page 1)  
uncertainties of terrorism — one from Japan, Australia, Iran, Turkey and Chile. In Latin America, El Salvador's ambassador said: "This is an act of regret and a challenge to us to resolve problems." Mexican President Jose Lopez Portillo said: "Unfortunately, assassinations of public figures have been frequent in the United States."

Former President Gerald R. Ford, visiting Tokyo, said: "The incident is very disturbing, but I believe it reflects [on] America as a whole." Postwar political assassinations in European countries such as Spain and Italy have generally been the work of ideological fanatics, commentators said, but the figures in the United States have been victims of mentally disturbed, isolated killers with only one political motive of this dark side of U.S. life, they said, involves the tensely TV coverage, which gives usually the entire nation an eyewitness role in the violence.

# Finds Kill 1 in Sicily

By Associated Press  
PALERMO, Italy — Winds up 66 mph swept western Sicily on Tuesday, tearing roofs off buildings, disrupting road and air traffic, uprooting lemon and orange trees and killing one man in the collapse of an old house in Palermo, police said. Two wind-fanned forest fires were burning in the Catania area.

# White House Confusion Shows in Reagan Crisis

(Continued from Page 1)  
cials were still upset at Mr. Haig's appearance, despite this advice. A CBS-News report said Mr. Weinberger and Mr. Haig had an argument over the Haig appearance and that new strains had come out of the incident. The result Monday was confusion over just who was in control of the U.S. government after the president had been shot and the vice president was out of the city.

The White House announced last week that the president had named Mr. Bush to coordinate and control governmental action in time of international or domestic crisis. Mr. Haig complained publicly about the decision, indicating that it impinged on his foreign policy management role, and on Wednesday met with the president to discuss it.

# Gun Control Debate Likely to Be Revived in Congress

By John Herbers  
New York Times Service  
WASHINGTON — The attempted assassination of President Reagan by a suspect carrying a 22-caliber revolver was expected to bring another flurry of activity in Congress for passage of a strong national law for handgun control.



Nancy Reagan arriving at George Washington University Hospital Tuesday to visit her husband.

# President Recovering Nancy Reagan, Children Visit President's Bedside

(Continued from Page 1)  
awake most of the time, joking with doctors and nurses attending him. The president, a former movie actor, was quoted as telling them: "If I'd gotten this much attention in Hollywood, I would have stayed."

The first lady was accompanied by her son Ron, a ballet dancer, and daughter, Patti Davis, an actress. Mr. Reagan's two children from a previous marriage, Maureen and Michael, were planning to visit the president separately. Barbara Cook, assistant press secretary to the first lady, said Mrs. Reagan was awake at about 5:30 a.m. Tuesday when Maureen, Michael, Patti and Michael's wife Colleen, arrived at the White House after flying from Los Angeles to Washington aboard an Air Force transport plane.

There was no doubt, among the doctors or Mr. Reagan's aides, that the president would be able to perform his major duties while hospitalized. Mr. Speaker, the acting White House spokesman, said, "When decisions are made, the president will make them."

After learning of the shooting, Mr. Bush immediately returned to Washington from a speaking tour in Texas. He arrived at the White House early Monday evening and joined other senior administration officials awaiting reports from the hospital.

History and the strong sentiment against control registered by members of Congress and Mr. Reagan himself before Monday's shootings seemed to be on Mr. Snyder's side, according to several officials on Capitol Hill.

On the other side, Nelson T. Shields Jr., chairman of Handgun Control Inc., said that public pressure for such legislation had been mounting since the murder of singer-composer John Lennon in Manhattan last December. The shooting of the president, two law enforcement officers and Mr. Reagan's press secretary, Mr. Shields said, should bring another wave of support for stronger controls on a nationwide basis.

# Resignation Is Offered By Martens

# Belgian Cabinet Split Over Wage Freeze

By Paul Bolding  
Brussels  
BRUSSELS — Premier Wilfried Martens offered his government's resignation Tuesday and King Baudouin held what was called an unprecedented meeting of political, trade union and industry leaders to discuss Belgium's latest political crisis.

The monarch said he wanted an end to the political instability that had given Belgium seven governments in as many years. "It is impossible to conduct affairs under these conditions," he declared.

The premier in effect had called for a wage freeze until the end of the year, but the Socialists maintained their firm opposition to the idea. The king's decision to accept the resignation or ask Mr. Martens to stay on is not expected before tomorrow.

Members of the Reagan family in California were put under tighter Secret Service protection. Mr. Reagan's brother, Neil, said he "broke down and began to cry" when he heard that the president had been shot. "I expected something like this to come," he said from his home in Rancho Santa Fe, Calif., near San Diego. But he added: "My brother is a pretty tough fella. I expect he will get up from this and go back to work."

# Yugoslavs Brace For New Floods

High winds were threatening emergency dikes along the Danube and Sava rivers as flooded areas braced for another rise in water levels expected this weekend. It would be the second time in less than a week that flooding along the two rivers has reached record levels.

# General Pledges Firm Leadership For Argentina

BUENOS AIRES — Gen. Roberto Viola has pledged to lead his 28 million countrymen "with prudence and firmness toward a full operation of democratic institutions" during his three-year term as president of Argentina's military regime.

# DeWitt Wallace, 91, the U.S. Publisher Who Founded the Reader's Digest, Dies

MOUNT KISCO, N.Y. — DeWitt Wallace, 91, founder of the Reader's Digest, died of pneumonia at his home here Monday night, a spokesman for the magazine said Tuesday.

# WORLD NEWS BRIEFS

## Allies Reaffirm Decision to Use U.S. Missiles

BRUSSELS — European members of the North Atlantic Treaty Organization Tuesday urged the United States to work toward missile reduction talks with the Soviet Union, but reaffirmed a decision to deploy 572 nuclear missiles pending the outcome of negotiations.

## China Is Expected to Back Sihanouk Effort

PEKING — China will back efforts by former Cambodian head of state, Prince Norodom Sihanouk, to form a united front against Vietnamese forces in Cambodia, senior officials said Tuesday.

## Egypt Selling Ammunition to Iraq, Sadat Says

CAIRO — President Anwar Sadat said on Tuesday that Egypt was selling ammunition to Iraq, one of its severest critics in the Arab world. He said that the sale was in gratitude for past Iraqi arms deliveries to Egypt, but that he still believed Baghdad had been wrong to invade Iran last year.

## U.S. Firm Fined for Eluding Iran Trade Ban

NEWARK, N.J. — A U.S. company that illegally shipped goods to Iran by way of West Germany and the Soviet Union must pay a \$40,000 fine, a federal judge has ruled in the first criminal case prosecuted under former President Jimmy Carter's trade ban.

## State Troopers Disperse EEC Farm Protesters

BRUSSELS — State troopers used tear gas Tuesday to disperse an estimated 4,000 farmers demonstrating in front of the European Economic Community Council of Ministers building where farm ministers were discussing farm price increases for the 1981-82 marketing year.

## Slander Trial of Dissident Begins in Moscow

MOSCOW — The trial of human rights activist Tatyana Osipova, charged with "spreading slanderous materials" against the Soviet state, began in Moscow city court Tuesday, Tass reported.

## Marcos Challenges Opponents to a Debate

MANILA — In a departure from past aloofness, President Ferdinand E. Marcos has challenged some of his political opponents to a debate Thursday and they have accepted.

## Obituary

DeWitt Wallace, 91, founder of the Reader's Digest, died of pneumonia at his home here Monday night, a spokesman for the magazine said Tuesday.

## 4 Afghan Envoys Defect To U.S., UN Official Says

NEW DELHI — Four diplomats from the Afghanistan Embassy who secretly helped their countrymen flee Soviet-occupied Afghanistan have defected to the United States, a UN official said Tuesday.

Handwritten Arabic text: "مكتبة الامم المتحدة"





NYSE Nationwide Trading Closing Prices Mar. 31

Tables include the nationwide prices up to the closing on Wall Street.

Main table containing NYSE Nationwide Trading Closing Prices for March 31, 1981. The table lists numerous stock symbols, their closing prices, and other trading data. It is organized into columns for different market segments.

(Continued on Page 20)

Handwritten Arabic text: حكايات الامم

International Solidarity





# Labor Relations: Era of Confrontation Shapes Up After Decade of Peace

**BONN** — An era has ended in West Germany. It lasted for 30 years and it was called "industrial peace."

Those were the halcyon decades when, under the slogan of *Vernunft* — common sense — both organized labor and management used to baffle foreign observers by being totally unlike unions and capitalists elsewhere in the world. Instead of arguing over the size of the slices, they worked in partnership for a bigger pie. The chances of a strike being called were about as great as being hit by lightning on a cloudless day.

### Few Work Stoppages

On the rare occasions when work stoppages did occur, they were regarded as some kind of national calamity. And invariably they took place according to some unwritten code: three weeks or so of strike accompanied by a retaliatory lockout, harsh words in public but quiet negotiation and accommodation in private that brought a compromise solution well before either side had let blood.

It was a cozy period that not only contributed immeasurably to West Germany's postwar affluence, industrial prowess, export muscle, social calm and political stability, but made the nation the envy of other frequently strike-bound and class-warring lands.

But for the past year or so — some observers date it back even further — West Germany's ostensibly peaceful industrial front and carefully choreographed labor relations have come to resemble a bitter tug of war between employees and employers, between the country's 16 huge nationwide and industrywide unions on the one side, and organized management groups on the other.

### Opening Round

Just how bitter was apparent during the opening round in this year's wage negotiations when I.G. Metall, the two-million strong metal workers union, demanded an 8-percent wage increase to which Gesamtmetall, the management and employer organization, responded with an offer of only 2.5 percent.

Never have management and labor in West Germany been so far apart in their positions at the start of wage negotiations. And what has been happening in the steel and metal-working industries is but a taste of the bitter struggle over wages that will take place in

## West Germany's labor relations have come to resemble a tug of war between employees and employers, between the 16 unions on the one side, and management groups on the other.

other branches where current contracts expire later this spring.

The leaders of all principal unions are under strong pressure from their rank-and-file members to maintain a real improvement in the standard of living and not make concessions at a time when more and more workers are going on short time or are being laid off.

Yet curiously, the real cause for the new bellicosity lies deeper. The wage disputes are but a substitute battleground.

Ironically, the real cause is West Germany's highly advanced and much-vaunted form of industrial democracy and labor co-determination, or, to be more specific, what labor regards as management's attempts to undermine those gains and turn back the clock.

Enacted in 1976, after many years of haggling and divisiveness in the left-liberal government coalition of Social and Free Democrats (SPD and FDP), the co-determination law gave worker representatives an equal number of seats and an almost equal voice to that of shareholders on the corporate supervisory boards of West Germany's largest companies — those employing 2,000 or more people.

### Stage for Harmony

The law, hailed abroad and in West Germany despite labor's feeling that it did not go far enough and did not give worker representatives true parity, seemed to set the stage for a new period of labor-management harmony.

That, however, was a short-lived illusion shattered in the summer of 1977 by organized management's

decision to challenge the constitutionality of the new law in the supreme court. Business interests claimed that it violated rights of private property.

In the eyes of organized labor, the suit was a breach of contract and of a gentleman's agreement. The court action poisoned the atmosphere and triggered a spate of stalled and broken industrial negotiations, a pattern of collective bargaining gone awry. It heralded the end of the spirit of "social partnership."

Although the Karlsruhe supreme court fully upheld the co-determination law in its March, 1979, ruling, relations between labor and capital have never been quite the same since that constitutional test suit was filed. Somehow it became impossible to revive the old rules of the game.

Matters went from bad to worse last summer, in the middle of the 1980 election campaign, when an even more cherished achievement of West German labor was threatened — the system of parity co-determination in the coal and steel industry.

### Power for Labor

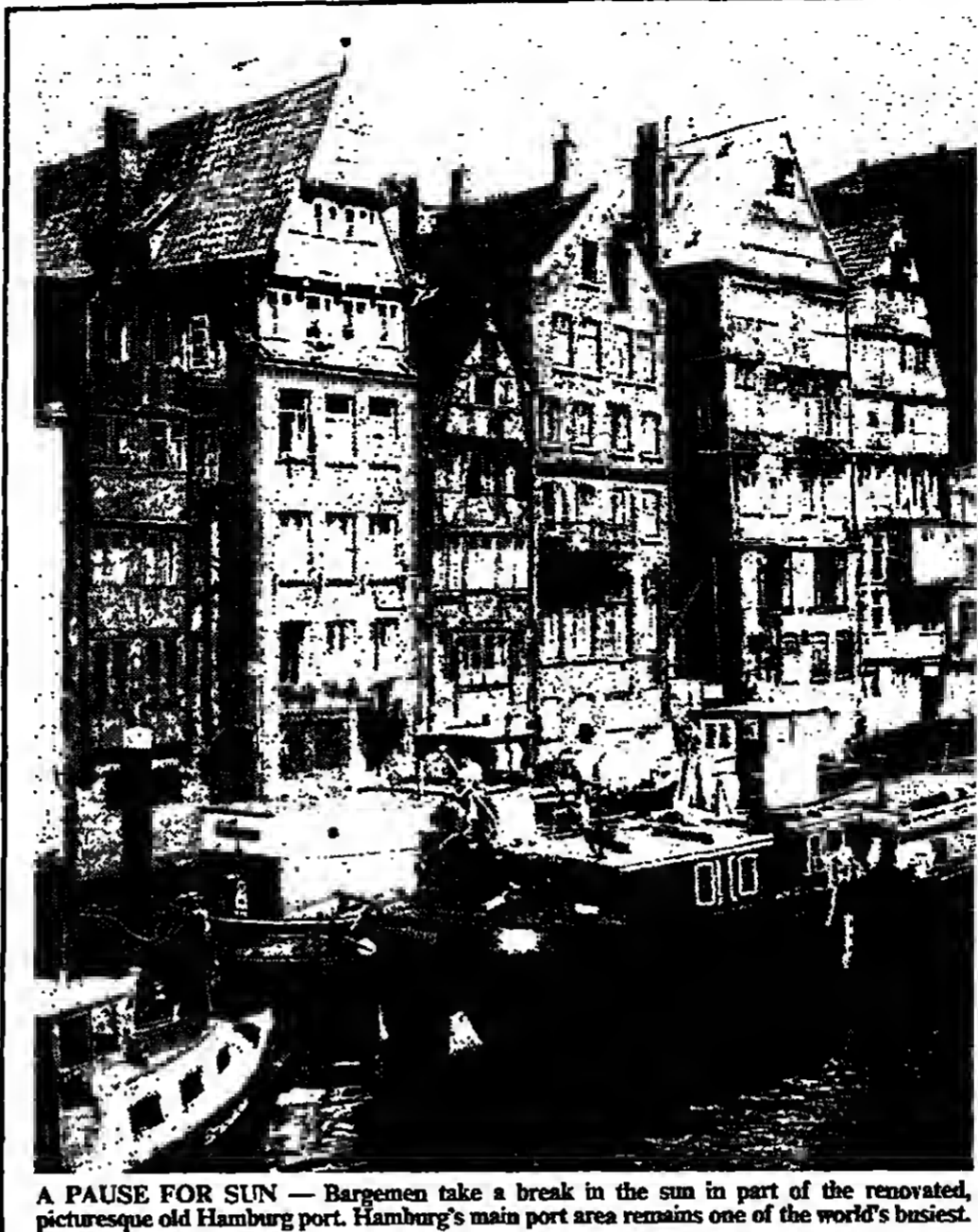
This law, which affects mining, iron and steel companies with payrolls of more than 1,000, dates from 1951 and affords labor far greater power and authority than the 1976 act.

It was enacted during conservative Chancellor Konrad Adenauer's first administration — under considerable prodding from the unions and Western Allies, and in lieu of the nationalization of the coal and steel industries that seemed imminent at that time.

After Germany's defeat, the Allied governments wanted to break the power and traditional hold of the Ruhr industrial barons who had provided the financial backing for Hitler's rise to power and the arsenal for his war machine.

The major coal and steel companies were broken up and from the remains 25 independent and much smaller companies were formed. As the Allied military governments envisioned it, these would later be nationalized — a proposal enthusiastically supported by the trade union leaders, most of whom had returned from exile and emigration abroad.

To prepare for nationalization of the Ruhr's heavy industry, the Allied military governments in the U.S., British and French occupation zones established company



**A PAUSE FOR SUN** — Bargemen take a break in the sun in part of the renovated, picturesque old Hamburg port. Hamburg's main port area remains one of the world's busiest.

boards on which employers and union representatives were equally represented — a precedent-setting step toward industrial democracy not only in Germany but in any other Western capitalist country.

By 1951 — six years after VE Day and two after the founding of the West German Federal Republic — nationalization plans were scrapped. But in a compromise with the Allies' original intent, the coal and steel industry co-determination model was institutionalized as law and became part of the corporate statutes of every major firm in that branch.

The measure provided for 10-member corporate supervisory boards, equally divided between

representatives of labor and shareholders, with a neutral 11th member, jointly elected by both sides, who has a tie-breaking vote.

It goes considerably beyond the much ballyhooed 1976 law that applies to all other kinds of large companies.

Although that measure also gave labor an equal number of repre-

sentatives on corporate boards, it provided that one of the labor members must be a junior executive or representative of middle-management, more likely to side with capital interests. Moreover, the board chairman, by law always a representative of the shareholders, has a second, tie-breaking vote in case of a stalemate.

### Summer Change

The 1951 coal and steel law thus remained as the ideal for which labor in West Germany continued to strive. But last summer it was suddenly threatened.

In June, Duesseldorf's huge Mannesmann Corp., an engineering, steel-producing and steel-pipemaking conglomerate with 160,000 employees worldwide and in 11th place among the country's industrial giants, announced plans to trim annual operating expenses by reorganizing its corporate structure and merging its presently independent steel mill into its pipemaking subsidiary.

From a business standpoint, the move made sense.

Steel production used to be one of the firm's chief pillars. But years of crisis in that industry have diminished the mill's role to where now, in effect, it is little more than a supplier of the metal for the pipes division. Organizational streamlining and a merger of the two, Mannesmann's management contended, would save some \$28 million a year.

However, the reorganization would make Mannesmann no longer a "steel producer," and thus the company would no longer be subject to jurisdiction of the 1951 co-determination act.

The political implications were clear, and while leftist and trade union members of parliament were threatening to call a special session of the Bundestag to enact a measure that would prevent any company from escaping the 1951 provisions, Chancellor Helmut Schmidt used his influence to persuade Mannesmann's management to postpone any decision on reorganization until after the Oct. 5 election.

### Threat to Coalition

But once the election was over, the Mannesmann case hung over the coalition government like a Damoclean sword, threatening to split the SPD-FDP partnership before it even entered its new term.

Being strongly free-enterprise oriented, the FDP had never fa-

vored co-determination a been instrumental in down the 1976 act. As far as some Minister Otto Linn and his faction were concerned, Mannesmann — and all of steel producers — at free to reorganize as they even if it meant escape provisions of the 1951 act.

To organized labor and careful lobby within the SPD, Mannesmann's plans were not retical but would set a p for other companies, ul leading to an erosion of and steel industry co-de tion model.

It was not until late Ja this year that Chancellor S and Foreign Minister Dietrich Genscher's coalition reached a comprom which at least the politicz able to live.

A bill now being proce vides that any company n subject to the 1951 act be reorganization or a chan production program will retain the party managen tem for six years after it i restructured.

But whether organized l live with the compromise certain.

### Opposition Voiced

Both Heinz Oskar Ve chairman of the *Deutsche schaftsbund*, the German tion of Trade Unions, an Loderer, the head of I.G have announced that they the compromise proposal, passage by the Bundestag as intolerable.

To organized labor it is betrayal and retreat from 1 won three decades ago. Worse, it comes on top legal haggling over the f evision of it by some 200 nies through changes in corporate structures, and a preme court ruling up management's right to d out in industrial disputes.

All this has polluted a harmonious atmosphere, i while era of labor-manage operation has degenerated confrontational mood. It manifest itself in tougher negotiations and, possibl spate of strikes.

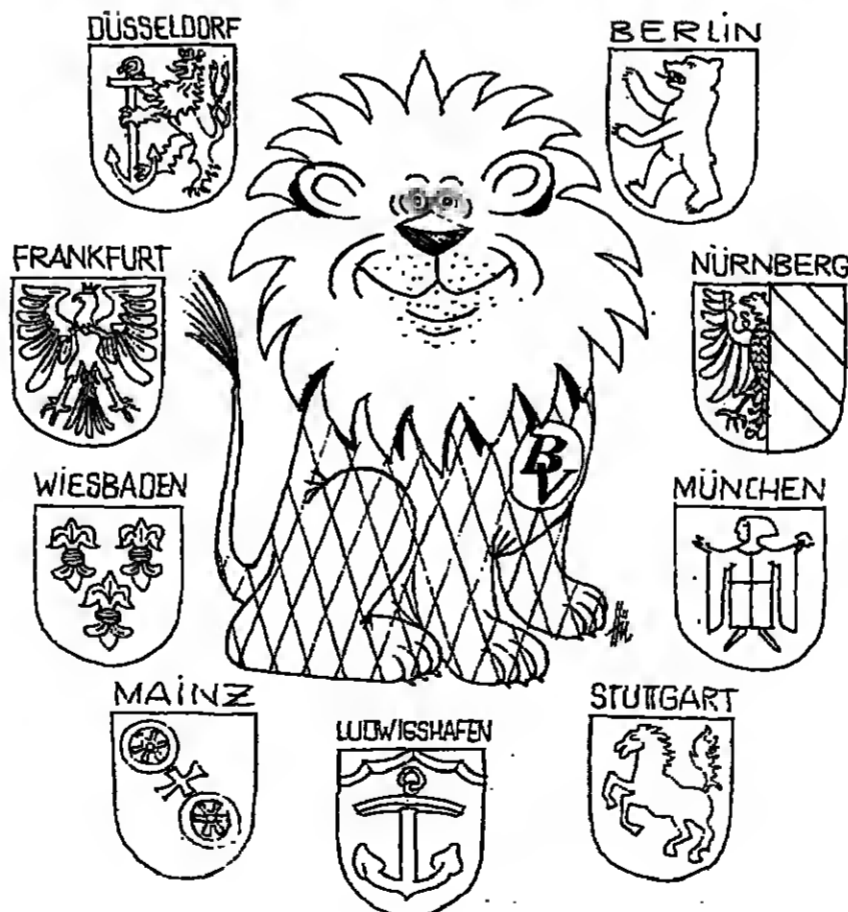
West Germany may no afflicted by what is called "British disease." But the *Vernunft* is definitely over;

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حکومت الامارات





# Electricity: Plant Investment Reaches Record Levels of the 'Oil Shock' Years

Andrew Hargrave

FRANKFURT — The West German electricity supply industry invested nearly 11 billion marks last year, well above the 1979 total of DM8.3 billion.

Investment on power-station plant alone amounted to 6 billion compared with the 1979 total of DM2.7 billion in 1979 and DM3.6 billion in 1978; indeed, investment last year reached the levels of the "oil shock" years of 1974 and 1975.

Power consumption increased 1.3 percent last year due to the overall low level of economic growth (1.8 percent) and decline in the output of power-intensive process industries.

*Expenditure on power-station construction alone amounted to DM4.7 billion compared with the exceptionally low DM2.7 billion in 1979 and DM3.6 billion in 1978; indeed, investment last year reached the levels of the "oil shock" years of 1974 and 1975. Power consumption increased by only 1.3 percent last year due to the overall low level of economic growth (1.8 percent) and decline in the output of power-intensive process industries.*

## Proposed Changes In Power-Station Structure

1979-1991

(In Thousands of Megawatts)

FUEL SOURCE	1979 (Pet)	1985 (Pet)	1991 (Pet)
Nuclear	8.7	17.5	30.8
Soft Coal	14.4	14.8	14.6
Hard Coal	20.3	26.6	28.7
Oil/Gas	22.5	23.9	23.8
Others, including hydro and imports	7.1	7.7	7.9
<b>TOTAL</b>	<b>73.9</b>	<b>91.3</b>	<b>106.6</b>

Within this total the amount of nuclear-based electricity is expected to increase by 2 percent to 14 percent over half was provided by hydro-electricity, which fell below 5 percent.

Gas, too, is a declining source for power stations.

Trends should intensify in several years. The annual increase in power demand, at 7 percent in the early 70s, is now expected to average 4 percent in the years and probably even less in 1991.

It would still necessitate a delivered electricity by the utilities from 307 billion kilowatt-hours by 1991 and an increase in combined power-station capacity of 106,600 megawatts to meet an annual rise in capacity of 10,000 megawatts.

Nuclear stations are expensive to build but cheaper to fuel and more suitable for long-term supply. The public utility (VDEW) proposes a base load/middle load/peak load structure by raising the proportion of the cheaper uranium/soft-coal-based capacity, using hard coal largely for middle load and using natural gas and oil-based capacity only as a top-up for peak load requirements.

Kalkar and the high-temperature reactor at Uehoh-Schmehausen.

About 25 percent of the additional load — 8,000 megawatts net — would be covered by hard coal. However, to replace out-of-date capacity would mean the building of hard-coal-based power stations of a combined capacity of 13,000 megawatts, largely for middle- and peak-load capacity.

(See table above for proposed changes in the power-station structure through 1991.)

The new structure would aim at correcting the present unsatisfactory base load/middle load/peak load structure by raising the proportion of the cheaper uranium/soft-coal-based capacity, using hard coal largely for middle load and using natural gas and oil-based capacity only as a top-up for peak load requirements.

The plan, VDEW emphasizes, is based not on its own forecasts but those of the government and the economic research institutes. It is therefore presumably a reflection of estimated demand rather than the utilities' wish to expand sales.

Present safety-regulation and approval procedures for power stations can stretch the waiting period from first application to the station's commissioning to 10 years or more. The same situation probably will exist in 1991.

The situation at present is that public utilities, including the relatively small-capacity experimental fast and high-temperature reactors, have at present almost 9,000 megawatts of nuclear capacity at their disposal.

Nine more nuclear stations with a combined capacity of 9,900

megawatts are being built, one due to be commissioned this year and three in 1982-1983. They are all of the 1,300-megawatt pressurized-water variety. A couple of new coal-fired stations (of 700-800 megawatts each) also should be in operation before the end of 1983.

There are nine other power projects, coal as well as nuclear (combined capacity 7,000 megawatts) in an advanced stage of planning, with contracts already awarded.

Additional nuclear and coal stations, with a combined capacity of 7,000 megawatts, are before local courts for approval. Finally, there are Brokdorf (capacity 1,300 megawatts), its construction apparently put off until 1983 (though this is being debated), and Wyl in Rheinland-Pfalz, entangled in approval procedures.

Dr. Manfred Lennings, chief executive of GHH-Gutehoffnungslaufwerke, one of the country's leading engineering and power groups, speaks for many industrialists when he suggests clear guidelines on safety as well as uniform procedures for approval throughout the Federal Republic. Kraftwerk Union (KWU) has even developed a system called "Konvoi," based on the 1,300-megawatt pressurized-water reactor approved by the country's Reactor Safety Commission, to serve as a standard model.

It would, KWU claims, not only simplify the approval procedure but also, through serial production, reduce engineering costs. The system, KWU estimates, may save as much as 20 to 25 percent in construction time as well as in engineering costs.



LIGHTS OF BERLIN — Millions of kilowatts light up West Berlin's Kurfurstendamm, Berlin's most elegant district.

# Magazines: A Plunge Into the U.S. Market

By Thomas C. Lucey

FRANKFURT — A handful of U.S. popular magazines are American in an old-fashioned way: Their roots are still back in the Old World.

Perhaps because of the common language, it is not too surprising that Lord Rothermere's Associated Newspaper Group of London is part owner of Esquire or that Rupert Murdoch owns New York's Cue magazine (as well as The New York Post and other newspapers.)

Language, however, is not necessarily a barrier. Daniel Filipacchi, a Frenchman, tried to revive Look, and two of West Germany's major publishers own U.S. mass-market magazines.

Tina, Bella, Woman's World

The latest German-owned magazine to start in the United States is Woman's World, a weekly launched at a cost of \$20 million by Heinrich Bauer Verlag of Hamburg, reportedly Europe's biggest magazine publisher. Bauer owns six of the major German women's weeklies (it also publishes the German Playboy), and two of those weeklies, Tina and Bella, served as general models for the U.S. magazine. The covers of Tina, Bella and Woman's World look almost like identical triplets: they feature a smiling young woman surrounded by headlines about food, fashion and medical and diet problems.

Barbara Bright, Woman's World editor, has been a Bonn correspondent for Newsweek and later was an editor at The Washington Post.

Woman's World started with a

circulation of 600,000 in 17 cities, with a goal of reaching 1 million by the end of this year. But it must fight a tough battle at supermarket checkout counters against such established women's fare as Family Circle and Woman's Day. There has been criticism that Woman's World lacks the editorial strength to survive among such heavyweights. And it has no advertisements.

Bauer started American media and advertising circles by launching Woman's World without ads. "We always start our magazines without ads," a Bauer executive in West Germany said. It remains to be seen whether this German innovation will work in the United States.

Geo Goes West

Gruner & Jahr AG, publisher of the 1.7-million circulation weekly Stern and other leading magazines, turned to the United States as what it called "the biggest press market in the Western world." In 1979, Gruner & Jahr put its monthly magazine Geo on the U.S. market. Started in the autumn of 1976, the original German Geo was seen by Gruner & Jahr as a serious magazine of "big reportage" by writers who would rather write books than magazine articles, and of lavishly displayed color photographs. Subject matter ranged widely, from the space shuttle program to Japanese wrestlers and zoo animals. Geo established itself quickly with German readers.

Gruner & Jahr produced Geo

USA as part of its wholly owned subsidiary based in New York, with the goal of 300,000 circulation, or about half of the German Geo's. But the magazine ran into trouble. An editor quit, saying the German owners insisted on using translations from the German Geo and did not really want to put out a high-quality product. A Gruner & Jahr executive indicated to the German news magazine Der Spiegel that the U.S. editors had not achieved the quality of the German Geo and were spending too much money.

Although the Hamburg publisher reportedly had planned on recycling German material to fill about a third of Geo USA, it also scheduled \$1 million to advertise for subscribers for the new magazine. One problem was the \$4 cover price, high for the U.S. market (the German edition now sells for \$4.50). Another problem was the slow start in gaining advertisers. Geo USA was reported to be about a third below its ad-sales goal in mid-1980. The U.S. recession did not help.

Publisher Is Cautious

Despite a prediction last year by Gruner & Jahr that the company would recover its \$20 million investment by 1985, Reinhard Mohr, head of Bertelsmann AG, Uetersloh, which owns almost 75 percent of Gruner & Jahr, is more cautious. Mr. Mohr, who retires at the end of this year as chairman of Bertelsmann, the second-biggest publishing empire in the world, pointed out in March that it is still not possible to say whether Geo

USA will be successful. The magazine accounted for a considerable share of Bertelsmann's \$26.5 million spent to open and develop new markets in the business year ending last June 30. Geo USA will continue on a trial basis.

Geo has been more successful in France, where it was started in March, 1979. At the beginning of this year, Gruner & Jahr introduced Ca m'Interesse, a French version of its rapidly growing popular science magazine P.M. There is some U.S. influence behind P.M. Its editor, Gerhard Peter Mooslechner, who named the magazine after himself, studied journalism at Northwestern University.

Bertelsmann's other U.S. investments include the Brown Printing Co. of Waseca, Minn., which prints Fortune and many other magazines, and Artists records. (Bertelsmann has been in the German record and cassette business since 1969.) In addition to Geo USA, the company publishes Parents magazine.

Parents was founded in 1926 in the United States as a magazine for mothers and mothers-to-be. In 1966, a German edition of the magazine appeared as Eltern and was eventually bought by Gruner & Jahr. Nine countries as different as Britain, Turkey and Indonesia, have bought licensing rights to the German version of Parents. And in May, 1978, the German publisher bought the original Parents magazine, which Adweek, a trade publication, says is now "one of the three hottest magazines" in the United States.

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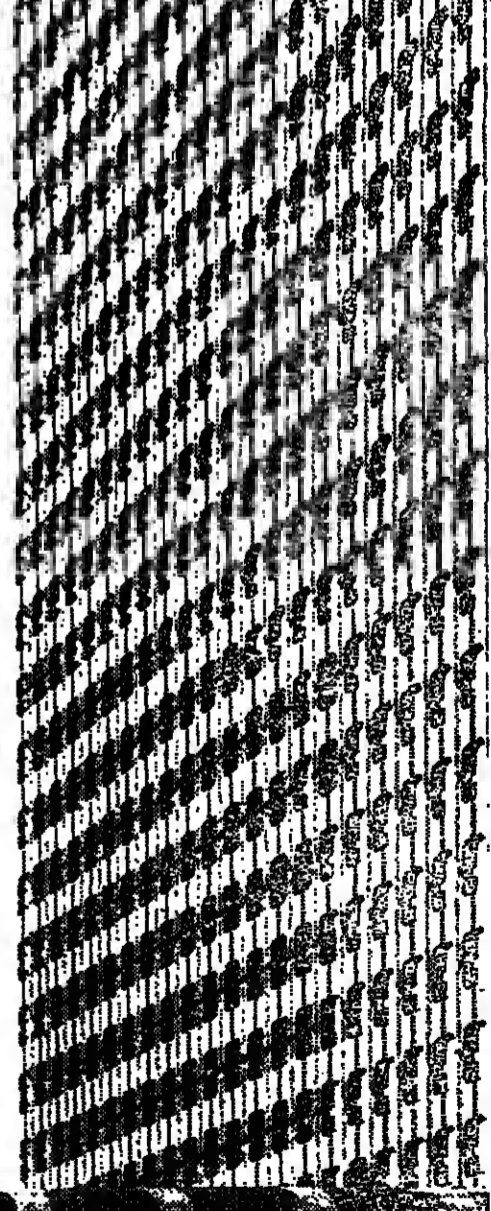
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# Energy: Federal Government Stresses Need to Find Alternative to Oil

Andrew Hargrave  
 Chancellor Helmut Schmidt recently estimated that the drop in West German income (due to a year's oil price) at around 30 billion marks, an average of about \$450 for each citizen. And he could point to the fact that consumption last year, for the first time in many years, fell 50 per cent of the internal energy market, increases in prices still accounted for half the country's current deficit of DM28 billion.

The federal government's position as a whole needs to be re-examined in the light of the necessity of finding alternative energy sources. A message has been forcefully home by declining demand from Iran and Iraq, participation in the Gulf war. The two countries accounted for 13 per cent of Germany's crude oil imports recently as 1979.

The war "underlines the risks of energy supply," the government said earlier this year in its report for 1981. "especially the crude oil sector." The report restates the priorities for future energy supply: the replacement of oil by other energy sources, including "limited development" of nuclear energy; diversification of gas use, including liquid gas; heat utilization, district heating; the preparation of crisis reserves in case of a future emergency; close attention to new and available energy sources.

Intending intentions to action are, however, widespread — particularly by industry and public utilities — about the government's willingness and its ability to convert good intentions into a credible long-term program. The Brokdorf decision earlier this year is used to cast doubt.

The construction of a nuclear station at Brokdorf, north Hamburg, has been delayed by five years. After a burst of hopes and a partial approval, the ruling Social Democratic Party (SPD) in Hamburg decided by a fair majority not to proceed with Brokdorf, which

SECTOR	1980-85	1980-90	1980-2000
Hard coal	22	50	150
Brown coal	6	11	28
Crude oil	15-20	30-40	75-90
Natural Gas	17	40	70
Electricity: generation/distribution	55	147	300
Nuclear reprocessing/disposal, etc.	12	28	70-90
Renewable sources	7	50	
APPROX. TOTAL	130	320	760

could mean withdrawal of the Hamburg electricity utility, a 50-percent partner, from the project. What many people found irritating was the absence of Chancellor Schmidt, a native and former senator of Hamburg, from the congress. For it is his government, after all, that favors expansion — albeit cautious — of the nation's nuclear power program.

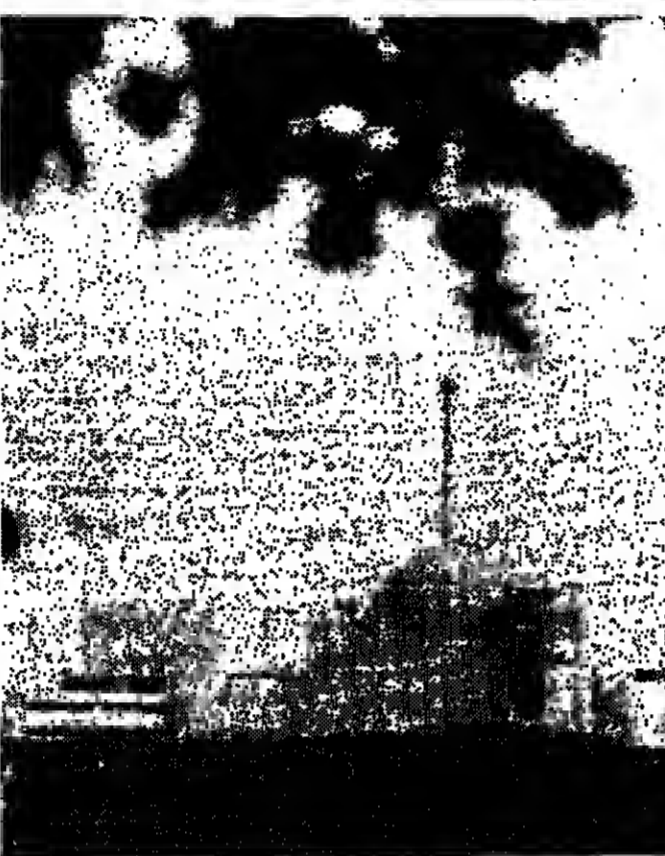
The Brokdorf episode seems to bear out the view that the federal government is lukewarm about nuclear energy and without a credible long-term energy concept, although the report of a parliamentary and technical commission last June was of little help to the government in arriving at a clear-cut decision.

Three Options  
 The commission, saying that it is not possible to decide "on the basis of a broad consensus" for or against the long-term use of nuclear energy, suggested postponing the final decision until 1990.

By that time, the commission said, three options will have been explored: development of nuclear energy through fast reactors "with all the consequences," development of nuclear energy limited to non-fast reactors; and no nuclear power at all.

If the first option were chosen, the commission said, the decision would be final and would involve the hotly disputed development of sites for nuclear waste disposal and reprocessing facilities. These also would be necessary, though less urgently, in Option II, which is the one believed to be favored by the commission.

However, in its projections to the years 2000 and 2030 the report suggests that even at modest in-



**NUCLEAR POWER** — The 1,300-megawatt nuclear power plant on Weser River began generating electricity in 1978.

creases in the Gross Social Product (3.3 percent and 2 percent a year) an energy gap would develop unless the pace of nuclear power-station building were increased. The report also points out that renewable energy sources — sun, wind, tides, natural heat — could contribute only 7.5 percent to 9.5 percent of total primary energy consumption and that if the oil and gas portion of the total were reduced from the present 65 percent to around 40 percent, coal's percentage would be increased from well below 30 percent, as it is now, to around 35 percent by the year 2000.

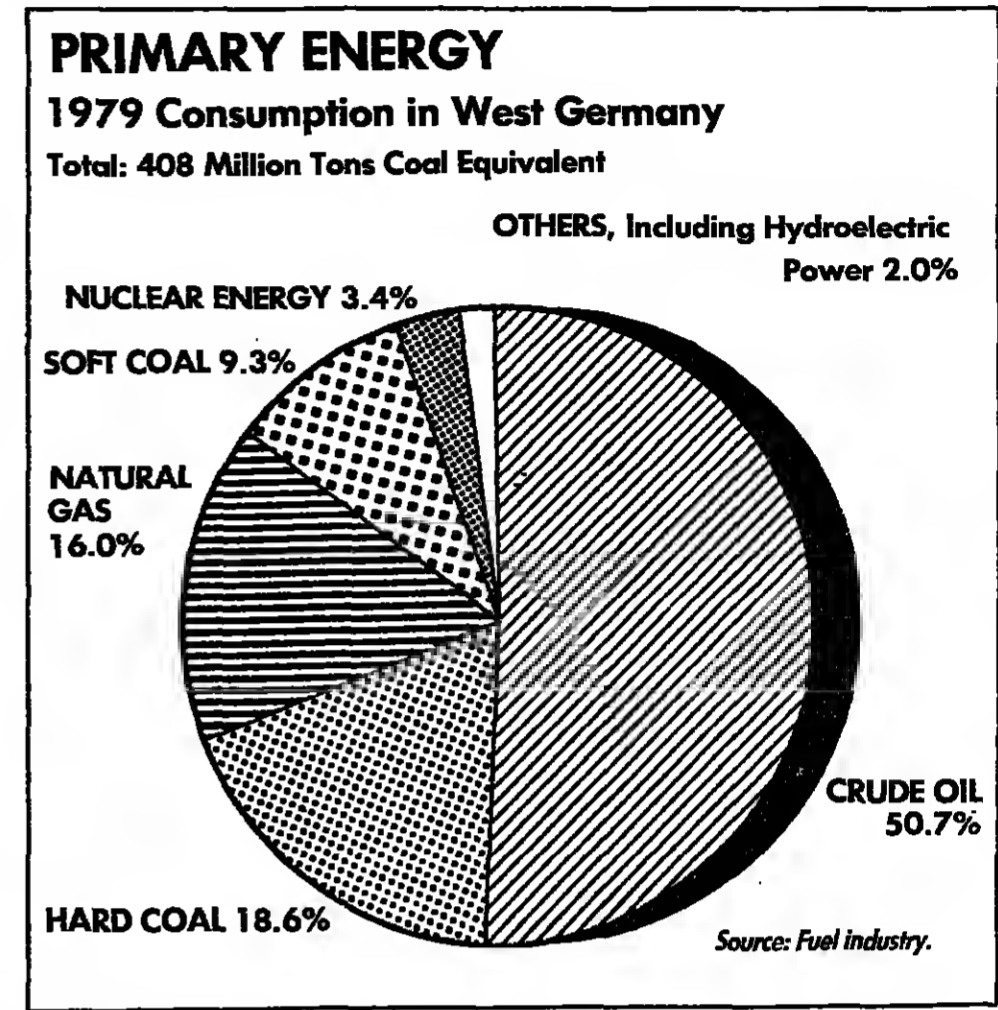
Meanwhile, the debate goes on. Critics of the government's uncertainty about nuclear energy argue that procrastinating until 1990 will place the whole West German economy, dependent on secure and uninterrupted supplies of energy, in jeopardy.

Different Situation in France  
 They see a gap developing between supply and demand long before 1990, and considering that the average waiting period between the first application for approval by the local courts and the commissioning of the power station is about ten years, their anxiety is understandable. (In France, often used as an example, the waiting period is only about five years; a major reason why France — a late starter in nuclear electricity — is overtaking the rest of Europe. Nuclear electricity is to supply at least 50 percent of France's power needs by 1988 while in West Germany its maximum contribution by 1990 will be a maximum of 30 percent.) Brokdorf and Gorleben — the disputed nuclear waste disposal site in the northeast — are bitter-sweet reminders.

Max Ludewig, a member of the management board of Kraftwerk-Union (KWU), the largest power-station builder in West Germany, estimates the energy gap may be as near as 1985-1988, even if economic and power-consumption growths stay at a modest level. Manfred Lenning, chief executive of GHH-Gutehoffnungshütte, one of the country's leading engineering and power groups, foresees a power capacity gap of 25,000 megawatts by 1990 if no nuclear power stations are approved beyond those already under construction.

"We cannot do without nuclear energy," Mr. Lenning says. "The alternative is to face the risk of no one wanting to invest in our country."

Pointing to the danger of delay in making the nuclear decision does not mean that Ludewig, Lenning and others ignore the need for energy conservation, oil substitutes and use of renewable energy sources. But only those opposing the expansion of nuclear energy on political or safety grounds would claim that such alternatives are capable of supplying even a slow-growing economy or even of retaining present living standards. Nuclear energy is highly capital



intensive, partly because of the very strict safety standards imposed by the authorities. On the other hand, public utilities, industrialists and politicians arguing in its favor maintain that lower fuel costs would compensate for the higher capital outlay quite early in a station's life, especially if fuel prices continue to soar. And if nuclear stations (the others would run on cheap soft coal) meet power base load requirements in full and not, as in the present case, at 40-percent level, it could slow down the increase in power charges.

A study prepared by the Dresdner Bank, one of West Germany's leading commercial banks, shows, however, that all forms of oil substitution including energy saving and conservation are very

expensive. The study says that investment in energy over the next 20 years could be as high as DM760 billion, or 12 times the amount of West Germany's 1980 oil bill. The estimates are calculated at 1979 prices. The breakdown, according to sectors of expenditure in billions of marks, is shown in the accompanying table. The study sees no major difficulty for private enterprise and public utilities to raise these sums. It points out that approximately 3.6 percent of bank credit and almost 5 percent of loans from insurance companies are advanced for energy projects. An increase to 4.5 percent and six percent respectively in the share of energy-related credits, and an effort by the companies to

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# Research: Tool For Finding New Energy Sources

BONN — About one-third of the Federal Ministry for Research and Technology's outlay of 6 billion Deutsche marks is intended for energy-related projects sanctioned under the three-year program just ended. It is understood, however, that no new contracts will be awarded this year under the ministry's 1981 budget, which is being raised only slightly to keep pace with inflation.

More than two-thirds of the three-year expenditure was related to nuclear energy, the rest to coal conversion, renewable sources, new and more effective application of technologies including the combined cycle, use of waste heat and district heating. The heavy public investment in nuclear energy is due to the very high research costs in nuclear waste disposal and safety as well as in advanced reactors such as the high-temperature and fast-breeder reactors. Both are due to be commissioned in the 1980s.

The new energy program expected to be announced by the government later this year should give details and timetables for the ambitious (DM13 billion at 1979 prices) coal-conversion program first announced by former minister of research and technology Volker Hauff in October, 1979, and approved by the government last year.

Scheduling of the program may be affected by the West German economy's growth prospects, increases in the price of energy (particularly those of imported oil and gas), the development of an energy concept by the government and public pressure (or the absence of such pressure) to move faster.

### 14 Projects

The program provides for 14 projects, including very large demonstration plants or substantial extensions to existing plants, for

both gasification and liquefaction of coal. The government intends to back four known techniques for gasification: three for hard coal (Lurgi, Texaco, Saarberg-Otto) and one for soft coal, the high-temperature Winkler process. All four processes are already being tested in experimental plants. A fifth one, sponsored by Shell and Krupp-Koppers and based on the Koppers-Totzek slurry-gasification technique with a dash of Shell technology, also is being tested.

These experimental plants are expected to wind up this year or next at the latest, hence the need for an early government declaration. Synthesis gas based on soft coal is already believed to be competitive in the Rhine region close to large, still-untapped soft-coal deposits.

Hard-coal-based gas, on the other hand, is estimated to be almost three times as expensive as the natural gas it would replace. However, if combined with steam raising for heat, the economy of the process may improve, as STEAG's experimental power station at Lünen is designed to demonstrate. De-sulfurization, which would reduce pollution without installation of filters, also is part of the process.

Another application of gasified coal is substituting it for gas in the direct reduction of iron ore; an experimental plant based on the fluidized bed combustion technology (more about this below) is shortly to operate at Korf's Kiel steelworks.

### Plants Under Discussion

Two big new demonstration plants based on the extension of existing pilot plants are under discussion between the government and the operators, in this case Ruhrkohle and Rheinbraun (an RWE subsidiary) respectively. One would triple the size of the existing



HANNOVER FAIR — Power plant components and equipment made of high-resistant material are displayed at an industrial fair in Hannover. West German research is seeking alternatives to dependence on oil as a primary energy source.

"Ruhr 100" Lurgi pressure gasification plant at Dorsten and would also involve further partners. It would have a through-put of 1 million tons of hard coal a year and produce 500 million cubic meters of synthetic natural gas (SNG). The cost of this plant alone would approach DM2 billion; its integration with a high-temperature nuclear reactor is anticipated at a later stage.

The other plant, using soft coal, would cost around DM600 million and is designed to supply the chemical concerns in the Rhine regions with methanol, an important chemical feedstock. The plant would have a through-put of 1 million tons of soft coal a year and serve as a proving ground for the cost-effectiveness of the process.

Of the coal liquefaction processes, only Fischer-Tropsch, first introduced long before World War II, is being tested on a large scale in West Germany.

(In South Africa, Lurgi is in-

**"More than two-thirds of the three-year expenditure was related to nuclear energy, the rest to coal conversion, renewable sources, new and more effective application of technologies including the combined cycle, use of waste heat and district heating. The heavy public investment in nuclear energy is due to the very high research costs in nuclear waste disposal and safety as well as in advanced reactors such as the high-temperature and fast-breeder reactors. Both are due to be commissioned in the 1980s."**

volving in expanding the existing Sasol complex to eventually process 9 million tons of coal in order to meet 50 percent of the country's needs for motor fuel as well as provide chemical feedstock, iron ore reduction gas and other products.

Some of West Germany's pilot plants are due to be extended substantially with government assistance. A large joint project being operated by Ruhrkohle and VERA Oel at Bottrop may be extended to convert 2 million tons of hard coal a year into 850,000 tons of gasoline; another liquefaction plant would convert a similar volume of soft coal into gasoline.

Ruhr, is due to be tested in a full-scale plant to open later this year. It is a 200-megawatt power station at Voelklingen in the Saar, which is to process low-grade coal and slurry (or dross). Based on a new variation of the well-known concept of fluidized bed combustion, it is receiving full federal support.

# Coal: Reserves High, Technology Resources Vast

ESSEN — West Germany's domestic hard coal reserves are second only to Britain's in western Europe and its soft coal (lignite) deposits are the biggest by far.

The country also has the advantage of developed technologies for refining and converting coal into gas and liquids, utilizing low-grade coal or even dross, and linking coal-fueled devices to others (including nuclear energy) in combined-cycle operations.

However, hard coal deposits are getting deeper and more expensive to exploit and West German miners' wages are among the highest in the world, so the industry has tried to compensate by refining and extending coal preparation and improving underground mechanization and process technology.

This has enabled output per man-shift to rise from 12 tons to 19 tons in ten years.

Greater use of coal reduces the country's dependence on imported oil and the plans are to increase output from last year's 88 million tons to 100 million tons by the end of the century. To make such major inroads into oil usage, including motor fuel and chemical feedstock as well as replacement of oil as a power and heating fuel, would require domestic stocks to be supplemented extensively.

Coal imports, at present officially limited to about 7 million tons a year, would have to be expanded substantially.

While the long-term prospects for hard and soft coal (most of the latter is burned in power stations as a low-cost, base load fuel) are good, temporary setbacks cannot be ruled out.

The world steel recession has affected the West German coal industry, the major coking coal exporter within the European Community.

More over, as the past decade has shown, the pace of investment in coal is to some extent dictated by the price of oil which in turn is influenced by upheavals such as the Gulf War and the vagaries and internal politicking of OPEC (Organization of Petroleum Exporting Countries).

Nevertheless, Karlheinz Bund, chief executive of Ruhrkohle and president of the industry's association, is confident that the proposed large investments — DM3 billion last year — will be maintained at least at their present levels for several years.

Mr. Bund forecasts imports of 40 million to 50 million tons of coal a year before the end of the century, for conversion purposes as well as power-station fuel. (An extra 13,000 megawatts of coal-based capacity is required by the electricity industry.)

The Polish crisis trimmed world trade back to around 200 million tons last year and showed that oil is not the only resource to react sensitively to political events.

It was certainly a reminder to those hoping for a fast expansion in the world's coal trade, for the major exporters also include South Africa, which wishes to achieve self-sufficiency in fuels, particularly coal.

Transport Facilities Needed

Other big exporters, such as the United States and Australia, have yet to develop port and transport facilities to shift coal over large distances and across the oceans.

Such facilities are costly and Dr. Bund's idea of joint projects along the lines of Ruhrkohle's participation in an Australian mining

project will have to wait for economic upswing — or a third "oil shock" — to provide large-scale political or private support.

German know-how in coal refining and conversion is being put to beneficial use in a number of international arrangements.

In Australia, Rheinbraun — the soft-coal subsidiary of Rheinische Westfaelische Elektrizitaetswerk (RWE), West Germany's largest public utility — is involved in a feasibility study sponsored by the Victoria State Government, for coal site soft-coal liquefaction.

In the United States, too, on-site coal gasification has attracted the

**"Greater use of coal reduces the country's dependence on imported oil and the plans are to increase output from last year's 88 million tons to 100 million tons by the end of the century."**

attention of several West German energy companies, including Ruhrkohle, and earlier this year Krupp-Koppers, a subsidiary of the Krupp concern, won a major contract within a large coal-refining complex being built in Pennsylvania. (The same Koppers-Totzek gasification process is incorporated in contracts made earlier by the company in Poland and Brazil.)

Lurgi, the country's other major operator for coal technology, is involved in several major foreign contracts, most notably the Sasol complex in South Africa.

Its aim is to meet about half the country's motor fuel needs from domestic coal resources in addition to producing chemical feedstock, iron reduction gas and other products.

Long-term projects still in the experimental or demonstration stage have a big risk attached to them, and federal or state authorities often have to provide impetus as well as means.

For the development of new technologies is in the nation's long-term interest, and while it is acknowledged that the application of such technologies will be mainly on sites where large, low-cost coal deposits are readily available, testing them in West Germany would help in exporting both know-how and engineering hardware.

Ultimately business as well as the balance of payments would benefit.

Focus on Hessische Landesbank - Girozentrale -

## "Half of Germany's top 10 banks are Frankfurt-based. We're one of them."

Let's start with Frankfurt. Why is Frankfurt so important?

"Frankfurt ranks among the world's foremost banking and financial centers. 150 German banking institutions operate here, and Frankfurt has more international banks than any other city in Continental Europe. The Bundesbank is headquartered here, and the Frankfurt Stock Exchange is Germany's largest, accounting for nearly half of the stock exchange transactions, two-thirds of its dealings in foreign shares and some 80 per cent of the business in foreign fixed-interest securities.



of international companies operating in Germany. As bankers to the State of Hesse; we naturally support its state-wide and municipal programs. We also work closely with Hesse's Sparkassen and their clients, especially on the foreign side."

Perhaps less well known internationally is that Hessische Landesbank is one of Frankfurt's big native-born banks. Half of Germany's top 10 banks are Frankfurt-based. We're one of them."

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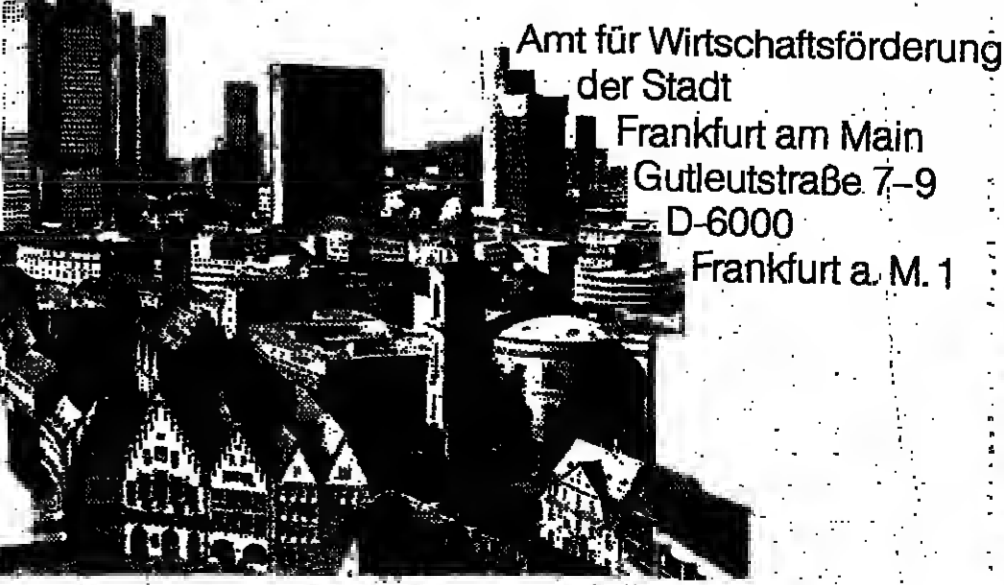
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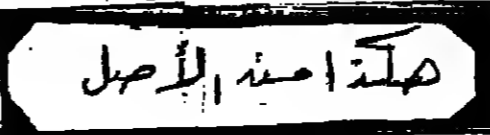
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## Insulation Advances Help Cut Nation's Heating Costs

KFURT — Well over 70 percent of total primary energy in Germany is being used for heating or heat for manufacturing processes. Consequently, this area that the greatest savings can be made: they provide more than three-quarters of all heat, per space heating, where the

and political events may accelerate alternative solutions.

West Germany's manufacturing industry — which consumes about one-third of primary energy — has, under the pressure of soaring energy costs and declining profitability, already made big strides in savings and conservation. The biggest savings have been achieved by the

firing declined from 4.4 million tons in 1973 to under 1.5 million tons last year.

New plants built by Thyssen, Krupp and Kloeckner, among others, are highly energy saving. The combined power-heat cycle results in utilization of waste heat from the power plant and steel-making manufacturing process heat inside the works and — in the case of Thyssen and Krupp — for district heating in thousands of homes nearby.

### Cost Consciousness

Industry's cost consciousness in energy use is paralleled, though somewhat more patchily, in homes, offices and other public buildings. However, it is in space heating — where more than two-thirds of the energy source is fuel oil — that its escalating price (an eightfold increase in ten years) has given the biggest impetus for both savings and oil substitution.

A study entitled "Wärme 2000" ("Heat 2000") published by the West German electricity industry last autumn has pointed to ways of reducing the use of oil more drastically over the next 20 years.

The study is, unsurprisingly, biased toward an increased share of electricity within the primary energy market. At the same time the argument is supported by suggestions for a variety of ways to increase the rate of power utilization, which at present averages only about one-third of the total fuel input and wastes the remaining two-thirds.

Energy-saving methods include the combined power-heat cycle, the highest possible rate to convert current into useful heat, the use of little-used energy sources (high-ash coal or dross, sun, heat pump) and district heating.

Thus the study foresees the possibility of raising the share of electricity in the home heating market (space, water, air conditioning, etc.) from a mere tenth to almost one-third by 2000 (partly by the use of heat pumps), and of district heating from 4 percent to 11 percent. At the same time, the share of oil should be reduced from over 60 percent to 20 percent of the total home heating market.

Similar developments could take place in offices. In industry the

**Thermal insulation in homes, offices, schools and factories is encouraged by government assistance. A four-year program for thermal energy saving, about 90 percent of it for insulation at a cost to the government of 4.35 billion Deutsche marks, will run out at the end next year, by which time some DM20 billion will have been spent on thermal savings.**

on of oil and gas is more percent. Heating — about 40 of the total primary energy portion — fuel oil alone has a well over 60 percent.

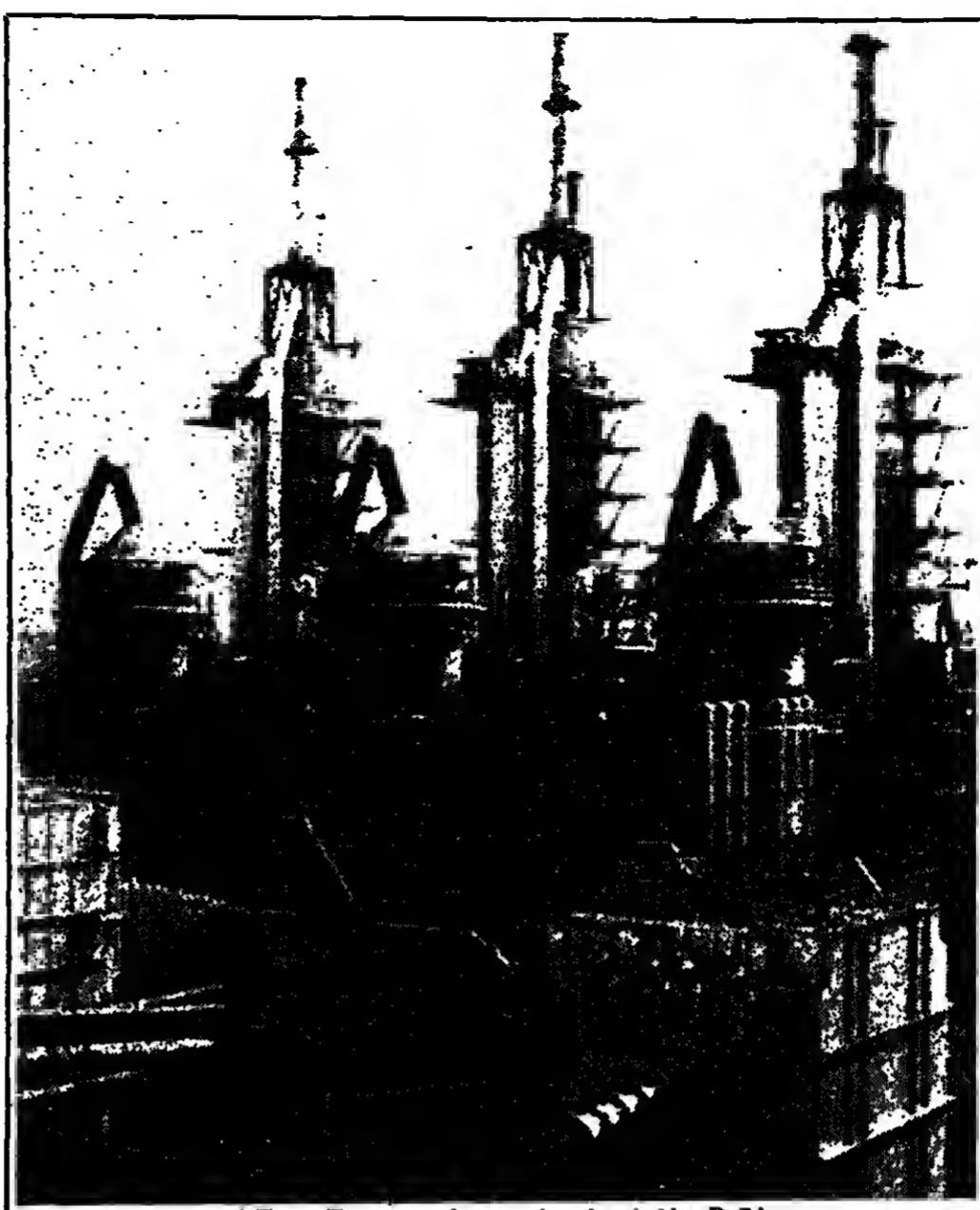
Thermal insulation in homes, schools and factories is encouraged by government assistance. A four-year program for energy saving, about 90 of it for insulation at a cost to the government of 4.35 billion Deutsche marks, will run out at the end of next year, by which time DM20 billion will have been spent on thermal savings.

Heat pumps, heat pumps installations as well as distribution of coal for oil are the equipment and devices used to reduce the share of oil; consequently of oil imports, in the heating market. (It is generally expected that in the foreseeable future oil and gas are likely to continue to provide the main chemical feedstock and gasoline for the automotive and aviation fuel. But even in these areas price, availability

chemical industry, a major user of fuel for feedstock, industrial processes and factory heating. According to an estimate by the Federal Statistical Bureau, the industry is using only one-third of the energy it required 30 years ago for the same output. At the other end of the scale, the steel industry has achieved much smaller reductions, although an estimate by the industry itself claims that in the past 20 years energy consumption per ton of rolled steel has been reduced by almost a third and the amount of coke required to produce a ton of iron by 38 percent.

Continuous casting, first developed in West Germany, is now accounting for about half the total output of rolled steel. It reduces the iron ore requirements of crude steel by 15 percent and consequently uses less energy.

The steel industry as a whole has reduced its dependence on oil within its total energy consumption from 17 percent in 1972 to 5 percent today; its consumption of fuel oil, largely for blast-furnace



A Krupp-Koppers coal conversion plant in New Delhi.

## Industry Leader Cautious On Hope for Coal Revival

ESSEN — It was only coincidence that the helm of Ruhrkohle AG, West Germany's biggest coal concern, changed hands on Nov. 28, 1973, in the wake of the Yom Kippur War and the first energy crisis. When Karlheinz Bund took over the chairmanship of Ruhrkohle's management board from Hans Helmut Kuhke, hopes for the ailing coal concern's viability took a dramatic upturn.

Assembled five years earlier by nearly a score of coal companies, with a burden of more than 50 aging pits and an unwieldy and also aging 186,000-man labor force, Ruhrkohle had been one of the federal government's major headaches and supplicants for subsidy.

Today, after 7½ years and a second oil shock, a new era still has not dawned, according to Mr. Bund. "We are living in a transition period between a coal crisis and its renaissance," he says cautiously. He can recall the tremendous resurgence of interest in producing, refining, converting and otherwise squeezing the most out of coal in 1974-1975, but output still fell and investment, long-term contracts and subsidies still had to be fought for until a couple of years ago.

Then came the second oil shock in 1979, bringing West Germany's first balance-of-payments deficit in 14 years, the result partly of escalating import prices for crude oil. The cost and security of energy supplies once again became a prime matter for public concern, giving Mr. Bund his second opportunity to impress the government and the nation as a whole about the importance of making the most out of coal, the country's only major and lasting indigenous source of energy. It was in his dual role as Ruhrkohle chief and president of the West German coal mining association that he could hammer out his basic theme before an international audience at the Munich world energy conference last autumn.

It is a relatively simple theme, built on three main pillars. The first — the short-term strategy — is the stabilization and subsequent increase of domestic coal output which, because of developments in the world energy market, will "more than ever" help to meet West Germany's own require-

ments. The second — the middle and long-term strategy — aims at the country's involvement in foreign coal resources and in world trade itself to secure the imports necessary to safeguard domestic energy supplies. The third — to be carried out simultaneously with the others — calls for West Germany's participation in major coal-refining projects.

Wiry and tense, 56-year-old Karlheinz Bund rose to his present post through the electricity generating industry, first with AEG-Telefunken and later STEAG, Ruhrkohle's big public utility associate. Despite West Germany's oil-related balance-of-payments headache, which may have contributed largely to the run on the mark earlier this year, Mr. Bund will face formidable obstacles.

For a start, Ruhrkohle's very structure is a damper on ambition, especially as it involves finance. The former coal companies that share the concern's equity include all the major German steelmakers as well as the energy giant VEB. Although they agreed to forego dividends for 20 years, a commitment which runs until 1988, the steel industry itself is in the throes of recession and 1981 is not the best time to seek large private funds for long-term investment. As Bund admits, investment in coal may bring no short-term rewards.

There remains the government, which is directly concerned with Ruhrkohle through its large holding in VEB as well as in the steel concern Salzgitter — another big shareholder. However, the federal government itself is cutting back on public expenditure and several of the major coal gasification and liquefaction projects in which Ruhrkohle is involved are in danger of postponement. These projects include a major one in the United States in which Ruhrkohle is a partner with U.S. and Japanese companies.

The same applies to Mr. Bund's brainchild, Dekolex. (The eye-catching name is designed to parallel Deminex, the government-backed organization prospecting for oil throughout the world). Mr. Bund wants Dekolex to prospect for coal in a big way — Ruhrkohle has already tried and burned its fingers in Virginia and has an interest, through participations, in Australian and Canadian deposits.

share of oil might drop from over a third to less than one-sixth of total heat provided, while gas, no doubt some produced from coal or as a byproduct of industrial processes, would increase its share from a quarter to a third of the total heat required.

In all, the study estimates that 90 billion additional kilowatt hours, (last year the utilities delivered just over 300 billion kilowatt hours), or about half the additional current to be provided in the

next ten years, could replace 26 million tons of crude oil and substitute a further 23 million tons, altogether about half of last year's total imports.

The Dresdner Bank study puts the investment required for the estimated 3 million heat pumps alone (last year about only 25,000 pumps were estimated to have been installed) at DM35 billion. Investments in other forms of renewable energy could be as high as DM50 billion, although the latter

is not likely to provide more than 2 percent of total energy needs by 2000.

District heating — which from all sources, including industry, at present supplies only 8 percent of households with heat — could increase its share to a quarter of the total, at an estimated cost of almost DM40 billion. Waste-heat utilization on a much broader scale might increase this investment to DM100 billion by 2000.

—A.H.

urt. Cen



## Ruhrgas — Success in the International Gas Trade

Ruhrgas AG is one of the largest gas companies in Europe, and the largest organization of its kind in the Federal Republic of Germany, purchasing gas on the international energy market for supply to utilities as well as industrial and commercial users within West Germany.

Cooperation with its European partners characterizes Ruhrgas operations at international level. Ruhrgas and its partners conclude long-term contracts with exporters both inside and outside Europe, construct and operate international transmission systems linking almost all countries on the continent and supply natural gas to a huge market which represents approx. 75% of total energy and natural gas consumption and some 90% of G.N.P. in Western Europe.

Ruhrgas also devotes considerable time and energy to the advancement of natural gas technology and is particularly involved in energy conservation projects such as the development of a gas-fueled heat pump.

Backed by its sound financial position, Ruhrgas dedicates its commercial and technical resources and skills to the security of energy supplies in the Federal Republic of Germany.



### Ruhrgas-highlights 1979

gas sendout	408 billion kWh
sales	6,000 million DM
net income for the year	133 million DM
property, plant and equipment	2,642 million DM
reserve for depreciation of property, plant and equipment	1,470 million DM
shareholders' equity	921 million DM
total assets	4,268 million DM
capitol expenditures of Ruhrgas AG and affiliated companies	620 million DM
length of pipeline system	5,661 km
number of employees	2,885

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# Engineering: Key Export Industry Is Faced by Challenges, Competition

BONN — West Germany's major export branch is having problems. The engineering industry expects production to fall this year due to the poor outlook for the domestic economy.

With China reviewing its investment plans, uncertain prospects for trade in the Eastern bloc and parts of the Middle East, and increasing Japanese competition, 1981 is unlikely to be a great year in the industry.

The threat from Japan is the greatest worry since competition with Japanese firms sharpened on international markets around the end of the 1970s. Although the industry views the situation as a challenge rather than a threat, restructuring and greater flexibility in approaching export markets will be needed in the future to meet it.

The Germans were not the first to be hit by the Japanese move into European markets. Engineering industries in France and Britain have been under greater threat. German engineering exports in 1979 outnumbered the Japanese two to one, but the industry does not expect this ratio in the 1980 totals.

### Mechanical Engineering Is Next

SMS Schloemann-Siemag AG chief Heinrich Weiss, acknowledging that West European manufacturers face aggressive competition from the Japanese, warned that the mechanical engineering sector is probably the next branch that they will attempt to dominate following

*'Between January and September of 1980 West Germany exported engineering sector products worth DM621 million to Japan, down from DM679 million in the comparable period in 1979. Japan, on the other hand, boosted its exports to Germany by over 28 percent to DM852 million.'*

their successes with automobiles and electronics.

Japan's technology is recognized as matching the best in Europe in this field and its exporters had a distinct price advantage from the cheap yen exchange rate until the recent weakness of the Deutsche mark began to redress the balance for the Germans. The computer-controlled-machinery sector and office technology are areas where Japan already has a clear lead, while developments in metals production also are reckoned to have outpaced West Germany.

With energetic and flexible sales strategies conducted by the large trading houses rather than the production companies themselves, the Japanese have scored considerable successes. In the machine and tool industry, for example, Japan has managed to push its major competitor, West Germany, into second place in most European mar-

kets. Japanese exports of machinery to Europe have concentrated so far chiefly on specific narrow sectors, and Japan has only a small share of machinery exports to Europe. It is clear that Japan has consciously neglected this area. West German engineering industry exports also are rising. Estimates for 1980 levels put exports up 12 percent from 1979 to a total around DM62 billion. But on the gloomy side, imports climbed 16 percent and the export-import relationship between Japan and West Germany is deteriorating seriously, the industry has said.

### Changing Balance

Between January and September of 1980 West Germany exported engineering sector products worth DM621 million to Japan, down from DM679 million in the comparable period in 1979. Japan, on the other hand, boosted its exports



HAMBURG CENTER — The Congress Center in central Hamburg is one of Europe's most modern convention centers. Opened in 1973, its 14 halls and 2 auditoriums seat total of 4,500 persons. It is near Hamburg's exhibition center.

to Germany by over 28 percent to DM852 million.

Overall production in West Germany's engineering industry is now expected to fall by at least four percent this year in view of the weak domestic economic situation, but much depends on the results of the current wage round. This compares with an estimated

production rise of five percent in 1980.

The wage round also will be a major factor determining investment levels this year. But whatever the results of the negotiations, investment is generally expected to fall after a nominal five percent rise in 1980. Spending plans in the investment-intensive engineering industry are known to be suffering

from the Bundesbank's high interest rate policies.

The latest industry association figures show sales from January to October last year rose nine percent overall. This included a domestic turnover rise of six percent and a rise in foreign sales of 11 percent. Total incoming orders increased three percent from the same period in 1979, with foreign orders climbing seven percent while domestic orders fell to two percent.

However, in November the picture became gloomier for the industry. The incoming order index dropped 12 percent from October, adjusted for inflation, and turnover fell 10 percent. Domestic orders slumped 17 percent and foreign orders by eight percent while domestic sales weakened five percent and sales abroad dropped 15 percent.

The order index has been weak-

ening steadily for some months and the decline in foreign orders is of particular note for an industry of such importance for West Germany's balance of payments. At the moment, few in the industry see much sign of improvement.

But clearly optimism regarding the outlook has not faded in all areas. Kloeckner-Werke AG, for example, said in December it plans strong expansion of its engineering interests in the next two years. The company will raise sales in this branch to DM2 billion — from DM1.2 billion in the 12 months ended Sept. 30 last year.

In fact, despite the imponderables which overshadow the industry's results this year, the longer-term outlook need not be viewed too pessimistically. The negative elements include more cautious Chinese expansion plans, the East-

ern bloc's concern with balance of payments situation and the effects on sales of the war.

### Poland Will Influence

These are the problems hampering immediate or short-term export orders. The industry already has seen a drop in its interests in about 25 percent of the price-revolution level and it is watching events in Poland influence the East's sales. Oil price rises will continue to add to the burden, particularly in the market of non-oil-producing developed countries.

The latter element will intensify over the next few years as further massive investment in industrial countries as they aim to cut dependent imports and save one achieve this, it is expected large amounts of modernized machinery and plant required and here the West's engineering industry has a chance.

But commentators have said that the industry cannot rely on traditional strengths of national ability, flexibility and liability of its products. Intensive market research, recognition of the structural demands of its export markets and greater efforts in marketing are needed. Suggestions by industry managers that continue the previous drive to expand in parts of Germany in general will need to be re-evaluated.

Greater cooperation will emerge within the engineering industry in order to support port effort, some analysts believe. However, if the branch adapts, they say, its growth this decade will be impressive. The problems facing it will appear, but the industry is in a position — particularly in port markets — to meet the challenge.

# VEBA

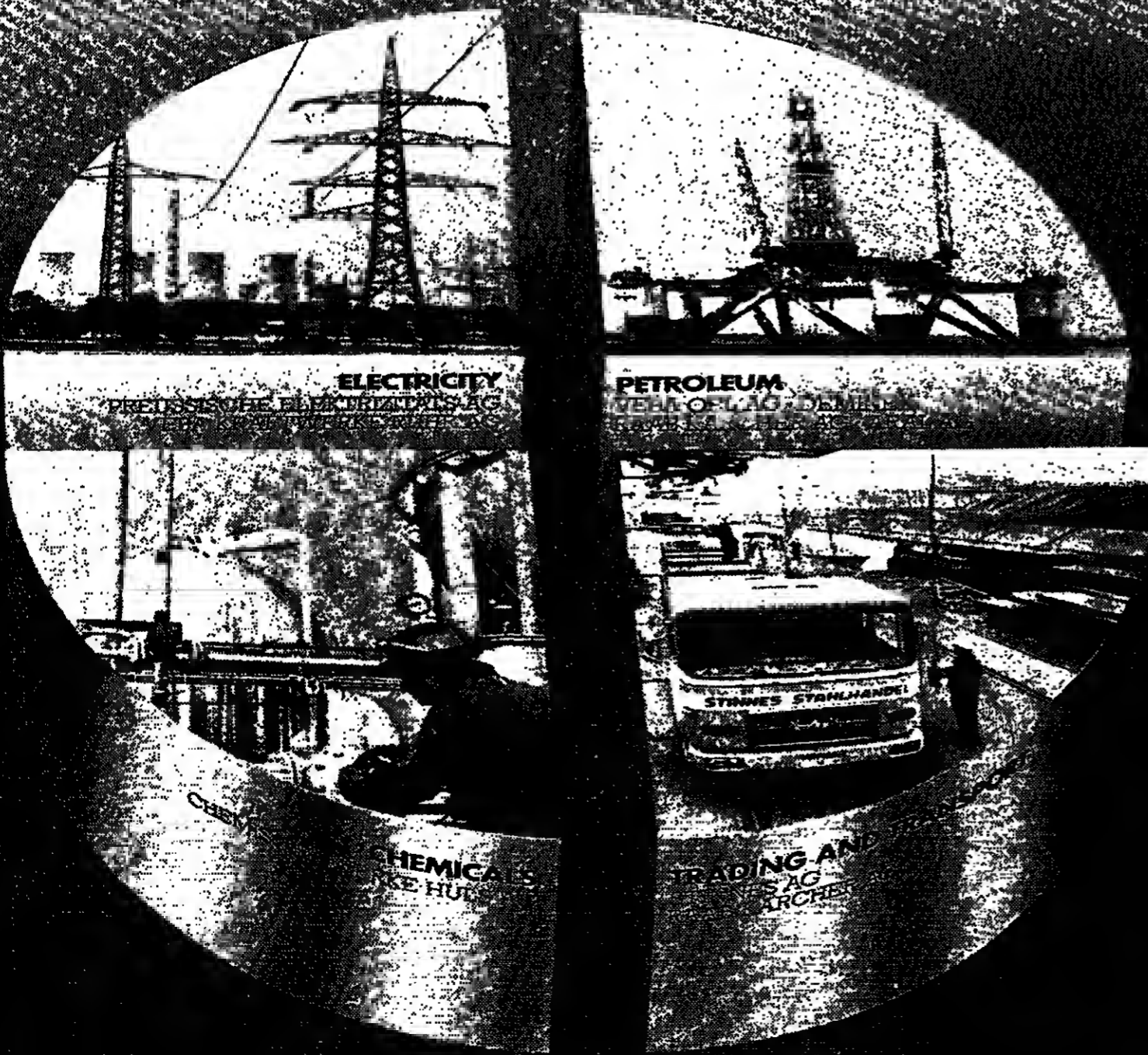
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## Microelectronics: 2 Companies Advance in Computer Market

MUNICH — "Microelectronics is becoming a key technology," Siemens' latest annual report declares. "The sensible application of semiconductors to new products and to manufacturing increasingly determines competitive ability in the market place."

The West German electrical and electronic concern and its smaller West German rival Nixdorf have come a long way to challenge the supremacy of IBM in the domestic computer market.

In 1965, IBM was believed to have installed 72 percent of all data-processing systems in West Germany, with Siemens' market share as low as five percent.

Estimates on the current position vary, but there can be no doubt that local rivals have made considerable inroads into IBM's domination of the market. For example, Diebold Management Report, which puts the total value of computer installations in West Germany at the beginning of 1980 at almost DM40 billion, estimates IBM's share as 38.3 percent (down 3 percent from the previous year), followed by Siemens' 17.3 percent (up 1 percent) and Nixdorf's 7.25 percent (up 0.2 percent). Honeywell Bull, now largely French-owned, had a market share of more than 5 percent (aside from the big three).

### Defining a Computer

The definition of a computer is fairly vague. Siemens' own estimate refers only to "medium to large" computers, claiming for the group a share of 21 percent in the domestic market in 1979, compared with IBM's 61 percent.

The total value of installations is put by the concern at only DM24 billion, considerably less than the Diebold estimate. Obviously the latter includes the smaller business systems, including terminals that represent a large part of the business won by Nixdorf, the Volkswagenwerk subsidiary Triumph-Adler (8th in the Diebold list) or AEG Telefunken, which is 10th.

Microelectronics has certainly contributed to the reshaping of the world's computer market, including West Germany's, making computer use much cheaper and therefore more widespread.

Klaus Luft, deputy chief executive of Nixdorf, has predicted that as a result of advances in semiconductor technology, systems performance — capacity and speed — would improve five- to ten-fold in less than three years and still be available at the same cost.

Mr. Luft reckons, for example, that bubble memories in 1985 will cost one-tenth of the 1980 price and that by 1984 the number of transistor functions per integrated circuit will double from 100,000 to 200,000 — again costing no more.

The electrical industry association's (ZVEI) own statistics bear witness to price and performance changes in data processing that stand in dramatic contrast to the inflationary trends in almost every other branch of industry.

They indicate that while last year's value of sales in data-processing equipment rose by 10 percent over 1979, individual prices fell by four percent and — again in stark contrast to other industries — the total labor force rose by 10,000.

Moreover, the level of orders at the beginning of this year was only at last year's level, which, apart from a statistical quirk, disguises a further hefty decline in prices and a simultaneous rise in the volume of orders.

### Computer Deliveries

Siemens, which doubled the value of its computer deliveries between 1973 and 1980, has been strengthening its technological base by an exchange of know-how and products with Fujitsu of Japan (which last year overtook IBM in the supply of systems in the Japanese home market) and Intel of the United States as well as the recent purchase of a string of smaller U.S. companies in the microelectronics, communications and medical electronics sectors.

Its 1980 annual report, published earlier this year, records the doubling of investment in the U.S. last year to DM269 million from DM132 million in the previous year and the tripling of investment in participations (DM203 million from DM60m).

According to forecasts, the computer market will show an increasing preponderance of smaller and cheaper systems.

One such forecast, by Strategic Business Services,

*'The market for small business computers growing even faster than the large-scale data-processing market. Terminals alone show increase from 800,000 in 1979 to almost 2 million by 1985. ... age of the computer only begun.'*

Inc., of San Jose, California, estimates that 50 million microcomputers will be installed in West Germany between 1980 and 1985. Their value, in spite of the decline in the individual units, should double to just over \$3 billion on the same period, representing 75 percent of all sales.

### 33,000 Microcomputers

Last year alone, the Californian consultant 33,000 microcomputers were installed in West Germany, comprising almost two-thirds of all computers sold.

The report reckons that of the 126,000 computers functioning in West Germany, only 4,000 are units, the rest mini- or micro-computers.

Of all the new systems installed last year (valued at \$450 million) West German companies scored 46 percent of the share, the Americans 46 percent, the Japanese 41 percent, with European companies claiming 10 percent and Japanese a mere one percent.

The gap should widen by 1985, with West Germany capturing fifty half the systems market estimated at just over \$1 billion, leaving the U.S. with 40 percent, the Europeans with 7 percent and the Japanese improving slightly to 3 percent.

This forecast should gladden the hearts of the German computer manufacturers, particularly Nixdorf, which in 1979 claimed a 35-percent penetration in the market for smaller business systems (DM250,000 per unit).

The scope for opportunities in the small-market may be gauged from a study recently carried out by Focus Research Systems, a Californian consultant.

Admittedly based on small businesses in the States, the report shows that more than 81 percent of the businesses consulted had no such systems installed. If one considers that the United States is in the use of data processing systems, the figure should apply with even greater force to West Germany.

The message is underlined by the slackening economic growth and tightening competition that forces West German industry to search for proved efficiency.

One important aid in the search is the development of complex, multipurpose units to office use, process control and testing and measuring means.

According to Siemens, "The market for small-scale computers is growing even faster than the large-scale data-processing market." Terminals alone, according to estimates, should increase from 800,000 in 1979 to almost 2 million by 1985.

The age of the computer has only begun.

سكندرية



# 31 Shapes Up as Year of Severe Strain on All Fronts for West Germany

(Continued from Page 75)

... that, finally freed of the baggage of Bavaria's Strauss, he will be chancellor by default well before a matter of time, he recently "before and the FDP come to us, already petitioned for y... quite clear answers that can't be given. There is not only that Chancellor Schmidt, but the FDP, seemingly bent on a big fact that genuinely but the party is in need of an achievement both only by the government benching into opposition. That faction is large and determined enough to... Schmidt. If he beats it in a confidence vote is g... g... the Chancellor? ... the chancellor just quits, id replace him? ... recently the party's clear would have been former Minister Hans-Jochen Vogel. Mr. Vogel was hurriedly d to West Berlin in Jam... become governing mayor h up the SPD-FDP coali... rocked and on the brink of defeat because of a fi... scandal. For the time being available. ... Apel, the defense minister, dard as Mr. Schmidt's arent, is fighting for his life because of fiscal bun... miscalculation in acqui... the multipurpose Torna... at is supposed to replace waffe's aging fleet of St... Phantom.

... the mantle of leadership probably fall on Finance Minister Matthöfer. ... sure, much of this is pure lion, get for political r... g... and the sort of at keeps the multitudes... the TV screens for the po... and discussion shows, persistence with which it the theme for communists... the media marketplace is of the seriousness of the sifting the government and their coalition. ... of the malaise, of course, ibutable to the usual and ble postelection doldrums own, otherwise known as a... the drudgery of day-to... as usual. Once the h... lation and tense espec... of the campaign were over, was bound to look graye... ere is more at issue. ... ne thing, the Bonn coali... as the problem of govern... managing a society whose plenty are definitely over, y facing economic stagna... 1981, a growing public debt ig labor unrest. West Ger... no longer the land of a "economy" and the strains ing to tell.

Moreover, with the reforms that brought Social and Free Democrats together 11 years ago now either enacted or shelved indefinitely due to circumstances beyond their control, the coalition seems to have lost its sense of purpose — other than the humdrum and far-from-inspiring goal of routine administration and simply staying in power.

Even in the pursuit of that goal — if it can be called one — the two partners are discovering that more divides than unites them.

### Issues

There is first of all the fact that Mr. Genscher's Free Democrats — West Germany's "liberals" — are a strongly free-enterprise oriented party. They are liberal in the British and 19th-century capitalist context of the word. Secondly, the Social Democrats, much like Britain's Labor Party, are divided among themselves with a strong left wing for whom the party's mainstream, in particular the pragmatic Schmidt leadership, are too conservative. Last October's election, in which the FDP was the only real winner, gaining 14 seats to the SPD's 4, strengthened that wing.

The SPD and FDP were always an odd couple, though the oddities and contradictions between them tended to be obscured in the years of plenty and by those foreign policy and domestic goals in which they did have a common cause, such as Ostpolitik and educational reform, development aid and domestic democratization, social welfare and liberalization of old, largely 19th-century, laws on divorce, abortion, family relations and the judicial and penal systems.

But the big issues have been taken care of. Moreover, the times have changed. So has the power relationship between the two.

With a gain of nearly 3 percent at the polls, compared to the SPD's embarrassing two-tenths of a percent, the FDP became more than just a junior partner or the traditional dog-wagging tail of West German politics. It now controls 53 of the coalition's 271 Bundestag seats. Its popular vote last October was almost 11 percent — its second best showing in West German history. That gave the party not only confidence but political leverage.

This was never more evident than during the long post-election weeks of bagging to put together a compromise government program for the next year or so.

### Points of Conflict

The points of conflict between the partners were numerous, ranging from a bill to regulate a labor co-determination in the coal and steel industry to the defense budget, from environmental policies to the nuclear energy program.

On most of the points Mr. Schmidt and Mr. Genscher as well as the members of their Cabinet see eye to eye.

There is, for example, barely a nuance of disagreement between the chancellor and the foreign minister regarding future relations with the United States, policy toward the Soviet Union and the Soviet bloc, their assessment of the Soviet military threat to Europe or adherence to the December, 1979, NATO resolution on stationing cruise missiles in Europe while offering negotiations on weapons control to the Kremlin.

But it matters little that Chancellor Schmidt and Mr. Genscher agree if their party followings do not and if they cannot control their own parliamentary delegations, their rebellious youth movements, and the provincial chieftons of their parties.

In this Mr. Schmidt is at the greatest disadvantage because of the disarray and dissatisfaction within the SPD.

From the time he succeeded Willy Brandt as chancellor in the spring of 1974 Mr. Schmidt has been dogged by a persistent problem and has faced a tenacious dilemma. For an ideologically rooted party that finds it difficult to conduct politics without emotion, the Macher — the "doer" — is simply too much of a realist, too much of a manager, too pragmatic. The SPD wants soul. Mr. Schmidt wants results. Power is what counts to him, not passion. Thus, he is still not the party's chancellor, and the SPD is not the chancellor's party, a commandrum exacerbated by the fact that unlike Mr. Genscher, who is also national chairman of the FDP, Mr. Schmidt does not lead the SDP. Its chairman for the last 16 years has been — and will continue to be — Willy Brandt.

While these are facts of life he has had to face for nearly seven years, just as the SPD has had to face the fact that it is still in power largely because of the popularity and towering prestige of Helmut Schmidt, the facts became harder, last October, if only because the SPD's left wing and Mr. Schmidt's critics within the party became stronger and more numerous. Though the coalition gained 18 seats in the election, the intra-party opposition, if it can be called that, increased from six hard-core leftists to at least 24.

Those opponents are young freshmen deputies with power bases and constituencies of their own. They are noisy and outspoken. And they also know that with the coalition's now comfortable margin — compared to the paper-thin majority of only six seats with which Mr. Schmidt and Mr. Genscher governed the preceding four years, they can threaten revolt without actually threatening the government.

Moreover, they are resentful that the more conservative FDP has used its clout and leverage to commit the government to programs and policies of which they disapprove.

In addition, there is also frustration over the fact that international developments have robbed the SPD of some of its main tenets and goals. The Soviet intervention in Afghanistan and the Polish crisis have stymied Ostpolitik. The new Reagan administration in the United States will place greater emphasis on defense and military spending, both anathema to the rebels. The weakened economy makes it impossible to push for the social reforms dear to them. Rising oil prices and the energy crunch will force the government to pay more than lip service to atomic power.

The impact of all this in practical day-to-day politics can be devastating at times.

Thus, in late January, a group of 24 SPD deputies produced a resolution demanding that DM 1 billion be taken out of the 1981 defense budget and added to the foreign aid budget — this at a time when Washington is calling for

Bonn to increase its military spending and Hans Apel is short nearly DM 1 billion to pay for Toronado jets coming off the assembly lines.

The Hamburg city-state party organization and the provincial parliament voted to postpone start of a nuclear power plant at Brokdorf which Hamburg was to build in conjunction with Schleswig-Holstein, a state governed by the Christian Democrats. Chancellor Schmidt, who is committed to the nuclear energy program, now finds himself in the embarrassing position of having to side with the opposition on the project, over the objections of his own party.

To speak of the SPD's left is not to speak of a cohesive wing, of course. Within it there are several currents, sometimes at odds with each other.

There is the traditional trade union group, rooted in the industrial Ruhr, which has reacted frantically to the compromise over the coal-and-steel co-determination act but which tends to support the chancellor on foreign policy while opposing the FDP on economic issues. There is the ecology-minded "green" wing of the left which argues against nuclear plants and for zero growth. There are the pseudo-Marxists who have still not reconciled themselves to SPD's 1959 Godesberg platform in which the party jettisoned Socialism.

*To be sure, speculating on the durability of the SPD-FDP marriage has been a popular pastime in West Germany ever since that marriage was consummated. . . . But that marriage seems less stable and safe today, with its substantially larger margin in the Bundestag, than after the 1976 election when it squeaked back into office.*

Cracking the whip over these various elements is actually the task of Herbert Wehner, the party's floor leader. But old age is starting to tell on him, not to mention the fact that his interecine battles with Chancellor Schmidt, Mr. Brandt and other top leaders have tarnished his image in recent months.

To make matters even worse, the SPD has been rocked by scandal in some of the states where it has been in power for decades, the worst case being West Berlin, where government guarantees on loans to a bankrupt construction contractor sent the administration toppling in January.

The party's managers have been unable to forge a workable coalition between the various groups and instead of integrating them to support the Schmidt-Genscher government both in parliament and at the provincial level, seem to have no other formula than to play them off against each other.

Internal dissension, moreover, is not Chancellor Schmidt's only concern. There are other aspects to consider.

One is the rather sudden transformation of the opposition CDU/CSU now that it has rid itself of the encumbrance of its unpopular, self-anointed candidate for the chancellorship, Bavaria's Franz Josef Strauss.

There has been a striking, almost dazzling ebullience on the opposition benches since becoming the opposition more than 11 years ago. The CDU/CSU is again beginning to look like a party with a future, and its leader, Mr. Kohl, prematurely relegated to the political scrap heap, has regained some of his gloss and appeal.

In part because of this, in part because of the disharmony between the coalition partners, the Christian Democrats now seem bent on breaking up the left-liberal marriage and wooing Mr. Genscher's FDP.

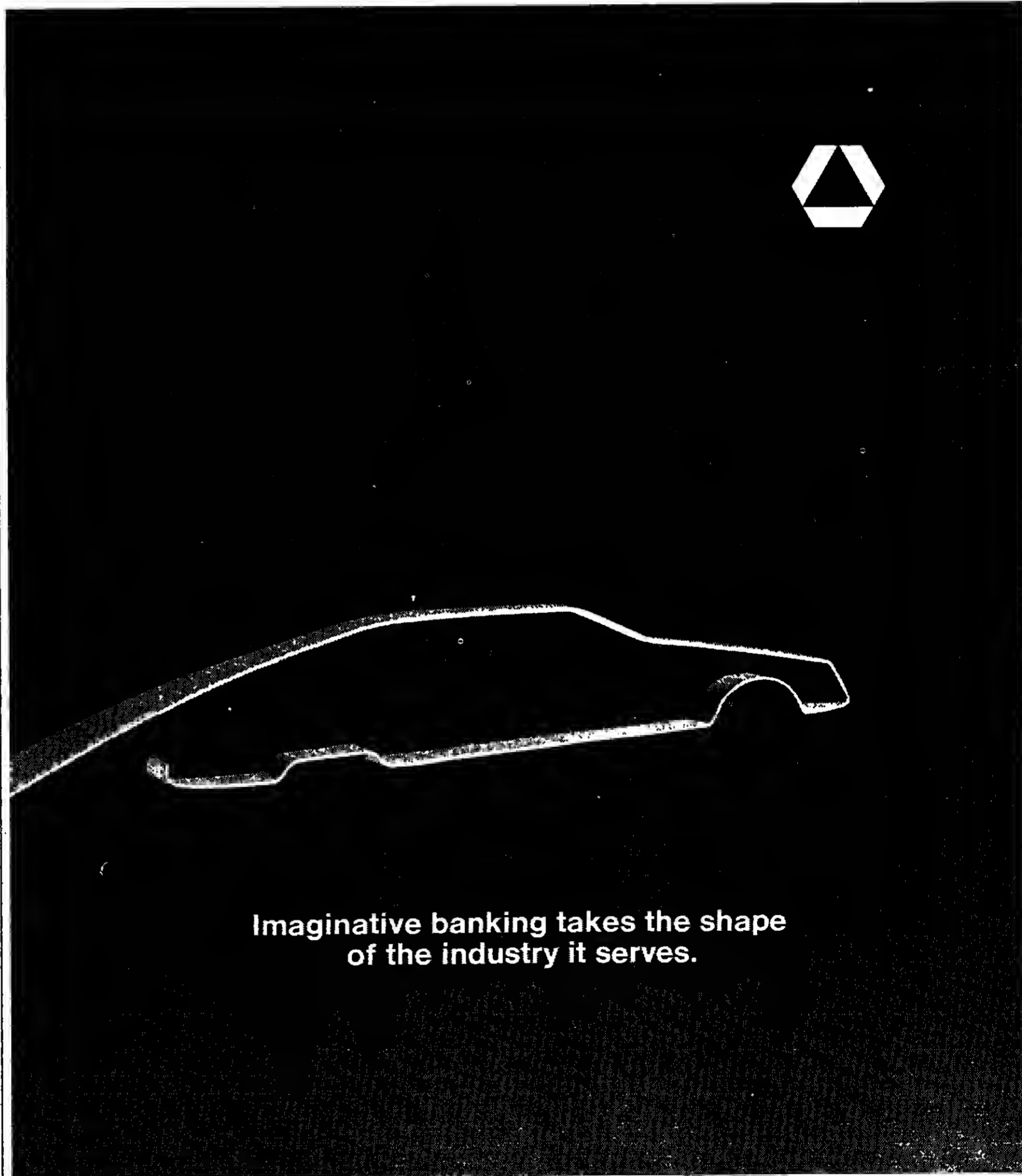
That, Mr. Genscher has emphatically and repeatedly told the party faithful, will not happen.

At various party meetings this spring he has been adamant in his commitment to the partnership and the government program for the next four years, interpreting both as mandates from the electorate, which they are. Any threats and challenges to the coalition, he says "will not come from us."

But whether this vow will stand the tests of time and the strains of practical politics is another question.

To be sure, speculating on the durability of the SPD-FDP marriage has been a popular pastime in West Germany ever since that marriage was consummated, especially in the post-election periods when the terms of their contract had to be renewed and renegotiated.

But, ironic as it may seem, that marriage seems less stable and safe today, with its substantially larger margin in the Bundestag, than after the 1976 election when it squeaked back into office with a paper-thin margin of only six seats.



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TRIBUTE TO GRIMM — Four protagonists of the Grimm Brothers' folk tale stand in a stately tribute by sculptor Gerhard Marcks in front of the Bremen Rathaus.



# The Asia Link: Looking To Pacific Basin Trade

By Barry Dale

**FRANKFURT** — The Pacific is an area of the world that could live up to its name in troubled times, according to West German banker Hans-Otto Thierbach, who should know.

Mr. Thierbach is chairman of the supervisory board of the Hamburg-based European Asian Bank and a former member of the board of West Germany's largest finance house, Deutsche Bank AG.

At Deutsche Bank's headquarters in Frankfurt, Mr. Thierbach said: "The Pacific should remain an ocean of peace. I feel I can always sleep easy there."

**Fertile Ground for Europe**

The Pacific Basin seems one of the least likely areas for a holocaust even if the United States and Soviet Union remain at loggerheads and the Middle East powder keg is not defused. Europe seems much more in danger.

And this part of the world

*The advantages for Europeans in building up contacts in this area are evident, and a leading German banker believes that multinational companies may decide to 'invade' in force.*

should be of special interest to West Germany and the rest of Europe. Mr. Thierbach said, since there is every indication that countries in this part of Asia are chary of becoming too dependent on the United States and Japan.

Mr. Thierbach believes West Germany was relatively late in discovering the potential of the Pacific Basin. Latin America was far more the stamping ground of enterprising Germans. Some trading firms in Hamburg were in on the China trade at an early stage, but they were the exception rather than the rule.

West Germany has now built up its trade to a position among the main suppliers to many countries in Southeast Asia. Mr. Thierbach said.

West Germany has undeniably taken a cold shower lately where China is concerned, but Mr. Thierbach says this was inevitable. He had warned from the start about excessive "China euphoria" as reports of potential contracts worth billions of marks came in. Three years ago he said that the Chinese simply could not take out the massive credits needed to finance deals.

Mr. Thierbach feels there must be a ceiling of \$20 billion on Chinese credits. The growth of trade with the People's Republic must progress at a steady and sedate pace, he said.

### Less Hustle in China

"There is no real pressure either from within or without for the Chinese to build up their military or industrial capacity," Mr. Thierbach said. He sees little likelihood of a serious attack being launched against China, because of its size, while the population remains sheltered for the most part from outside influence and is not hustling for a rapid improvement in its standard of living — unlike many European Communist states.

Geographically, Japan is the logical industrialized trading partner for expanding ASEAN (Association of Southeast Asian Nations) countries, Mr. Thierbach said. But the calculation is not that simple in days when it costs more to transport a Volkswagen to Rome (by

rail) than to Shanghai (by sea). Nor do the Japanese need to concentrate on their immediate neighbors, for the same reason.

They can ship their products cheaply to Europe and America in vessels built at their own yards. However, the Japanese would be among the first to welcome an improvement in living standards in southeast Asia to create a relatively rich market on their own doorstep.

There is every sign, Mr. Thierbach said, that the Japanese are moving toward more sophisticated products. ASEAN countries can supply the steel for many of these manufactures, and can do so cheaply. The advantages for Europeans in building up and maintaining contacts in this area are evident, and Mr. Thierbach believes multinational companies may decide to move into the area in force.

Turning to South Korea, Mr. Thierbach said he has every confi-

dence that the country will overcome its difficulties. Economically speaking it has an invaluable asset in a labor force that likes to work. Politically he believes North Korea has no interest in attacking and destroying the South. And financially South Korea is, in the German banker's opinion, a very fair credit partner.

Many countries in the Pacific area can be regarded as having a AAA credit rating. Mr. Thierbach feels. Malaysia is one of the world's few countries able to boast a balance of payments surplus, he said. Hong Kong, Singapore, Australia and Indonesia are highly respected, and India is able to raise loans at a mere one-half percent over interbank offered rates. The Philippines is aware of its problems, he said. The IMF sets tough rules, and the Philippines sticks to them.

Australia is a natural inclusion in this part of the world, despite its obvious linguistic and historical links with the West. Mr. Thierbach feels it is in an outstanding position as a "European platform in

Country/Region	Real GNP Increase (%)
Southeast Asia (overall)	+5%
Indonesia	+7%
Malaysia	+8%
Pakistan	+6%
Philippines	+4.7%
Korea	+5.7%
Sri Lanka	+5.5%
Australia	+2.5% to 3%
New Zealand	+1%
Hong Kong	+10% to 11%

the Pacific Basin." It does not have the advantage of a cheap labor force, but the country is rich in minerals.

Asked if the geography of the Pacific area, with its many widely scattered islands, is a drawback, Mr. Thierbach said it can in fact be a boon to trade, since maritime transport works out much cheaper

than land and air carriage. "These countries do not need to build miles of motorway and railroad. They have the sea, and that requires no upkeep," he said. One small disadvantage is that such areas can at times be hard to govern, as seen from the secessionist movement in Vanuatu, but the Pacific is a factor linking

rather than separating nations, Mr. Thierbach feels.

The investment potential of the Pacific Basin is great. Growth of investment in it should be faster than other parts of the world, he said in his prognosis next 20 years.

The area also has oil and gas reserves, which amount to currency reserves. Large funds can be expected to flow into the area.

While all Third World countries can be expected to remain importers for at least a few years (as was the United States in the 1920s) the Pacific should achieve self-sufficiency earlier than other less-developed countries, he said.

A study Deutsche Bank this area more than three decades ago, quoted John M. Hay, secretary of state, who said the Mediterranean was the past, the Atlantic the present and the Pacific the future.

## European Asian Bank AG

The bank was founded in 1972 with basic capital of 26 million Deutsche marks and total assets of DM240 million. Today these assets have swelled to DM2.85 billion, and the current capital of DM126 million is held equally by seven international finance houses: Deutsche Bank AG of Germany, Amsterdam-Rotterdam Bank NV of Holland, Creditanstalt Bankverein Vienna, Midland Bank Ltd London, Societe Generale Paris, Banca Commerciale Italiana Milan and Societe Generale de Banque SA Brussels.

Credit volume has soared from DM132 million in the first year to 2.02 billion in 1979, and interest and commission earnings have risen more or less constantly. The bank paid its first dividend at 10 percent in 1975 and has maintained pay-

ment at that level. The number of staff practically doubled in the first eight years of operation from 377 to 765.

The bank is very cost-conscious, according to Supervisory Board chairman Hans-Otto Thierbach, and profits rose more than 45 percent last year. Mr. Thierbach said the initial business volume of between DM200 million and DM300 million has risen to nearly five billion at present.

The bank has 11 branch offices in southeast Asia, with Bombay and Colombo opened in 1980. It concentrates on short- to medium-term trade financing, and Mr. Thierbach describes the bank's activities as a complete "success story". Projects on the stocks include a branch in Tokyo, and possibly a move into California.

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# East-West Trade: A Warning Against Using It as Tool for Political Ends

— I have always had against over-estimation of trade with the political lever, Otto Amerongen said. . .

**'East-West trade cannot be viewed as a light switch to be turned on or off in accordance with the international political climate. History has taught us that boycotts and embargoes accomplish virtually nothing in the pursuit of diplomatic and political objectives.'**

— Otto Wolff von Amerongen

U.S.S.R., for example, West Germany receives 43 percent of its . . .

History, tradition and geography have much to do with Russia and the lands of Eastern Europe . . .

Heavy Trade Total Fried. Krupp G.m.b.H. of Essen, for example, makes no secret . . .

1979 the West German engineering industry exported DM2.7 billion worth of goods to the Soviet Union . . .

Imbalance with the East This in 1980, exports to the Comecon countries, excluding East Germany, rose by only 3 percent . . .

Another inhibiting factor, at least during the past year, has been the worsening political climate. Bonn's government was the one that objected most strenuously . . .

ably will dig in its heels even more if the Reagan administration attempts to stifle trade with the East . . .

Consider the example of Deutsche Babcock A.G. of Oberrhausen, which supplies equipment used in the construction of power stations, especially nuclear plants . . .

Yet, dependency works both ways and puts into focus the most controversial deal presently being negotiated.

This is the pipes-for-gas project which, at \$10 billion, would also be the biggest ever negotiated with the Soviet Union . . .

In essence, it calls for construction of a 5,500-kilometer-long pipeline to Western Europe for which the Soviets would pay with 40 billion cubic meters of natural gas annually starting in 1985 or 1986 . . .

But then politics entered the situation, in the form of Reagan administration efforts to block the deal on grounds that it would

make West Germany dangerously dependent on Soviet natural gas. That argument has been taken up in West Germany, too, which already obtains 17 percent of its natural gas and five percent of its imported energy supplies from the U.S.S.R. . . .

Those who favor the project argue that the Soviet Union also is dependent on it. Moscow's own energy program, they argue, would stagnate without the West German equipment and technology . . .

— J.D.

## Variety of Regional Policies

Regional policies in Germany have a somewhat different emphasis than those of other Western democracies . . .

The action areas cover the border regions, particularly those having a common frontier with West Germany and Czechoslovakia . . .

Such weaknesses also are reflected in the infrastructure of action areas: in social, educational and recreational provisions and communications as well as in the generally lower income levels and higher unemployment . . .

Others are using their geographical location and already existing concentrations of certain foreign enterprises as a magnet. The international airport at Frankfurt, the ports of Hamburg and Bremen are obvious examples . . .

The development authority's bias toward encouraging structural change is much more pronounced than in states which have a larger quota of action areas . . .

## Banking: A Consolidation Period

Continued from Page 75) "The country risk can be seen larger than it is," Wolfgang Jahn, a member of management board . . .

Some of the best borrowers, such as Sweden or Belgium, who took out debt under their own names, have rarely paid more than three-eighths of a percent over the interbank rate . . .

the interbank rate, but this does not go too far to ease strain on margins. A further constraint on international lending is the likelihood that the West German government will this year adopt legislation requiring all West German banks to consolidate results of their banking subsidiaries . . .

1971-1981 10th anniversary

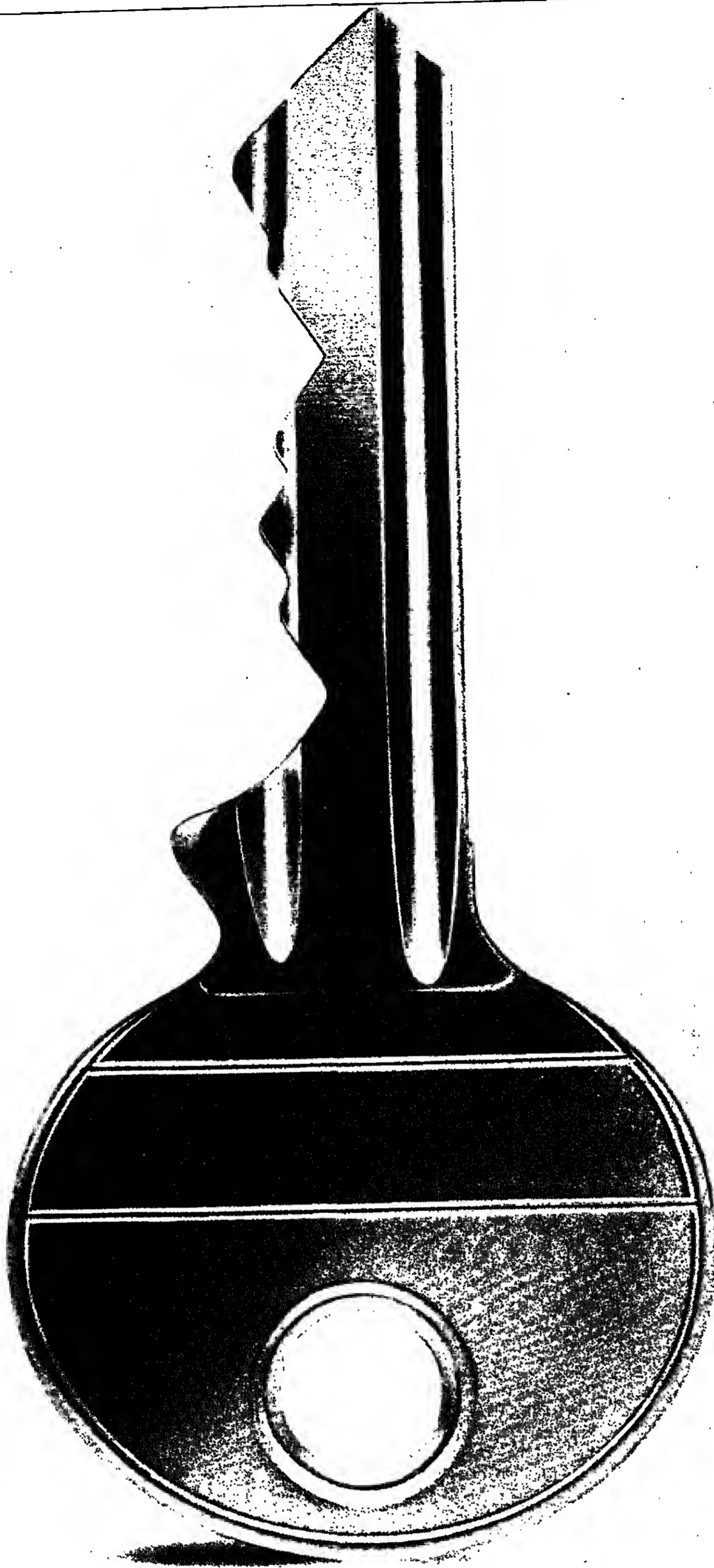
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SINNESS NEWS BRIEFS

Fluor Plans Merger Bid For St. Joe

Fluor Corp. said it agreed to offer \$60 a share cash for 45 percent of the common stock of St. Joe Minerals Corp.

Wall Street Prices in Rebound

NEW YORK — Prices on the New York Stock Exchange rose sharply Tuesday in active trading on reports of President Reagan's improved condition after a gunshot wound.

Dollar Shows Recovery After Sharp Drop Monday

NEW YORK — The dollar rebounded Tuesday in European and U.S. dealings following its sharp decline Monday in New York after the assassination attempt on President Reagan.

Deutsche Bank Sets Dividend Increase

BONN — Deutsche Bank, West Germany's biggest commercial bank, announced Tuesday that it will propose to shareholders an increase of its annual dividend for 1980 to 10 Deutsche marks from 9 DM the year earlier.

Western Bankers Extend Talks on Poland's Debt

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U.K. GDP Fell 3%, Income Rose in '80

LONDON — Gross domestic product fell a record 3 percent in 1980 in the United Kingdom while real personal disposable income rose 2.1 percent.

That Gulf Gas Is Put At 11 Trillion Feet

BANGKOK — Thailand has proven deposits of natural gas in the Gulf of Thailand of more than 11 trillion cubic feet, an official of the Natural Resources Department said Tuesday.

Eight Top Banks Agree On Credits for Jamaica

NEW YORK — Eight major international banks have agreed to establish a new \$70 million credit to Jamaica's recently elected center government, and to refinance another \$103 million in loans owed by the country, it was disclosed Monday.

CURRENCY RATES

Table with columns for Currency, U.S. \$, and other financial data. Includes sub-tables for Dollar values and interbank exchange rates.

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Table with columns for Currency, U.S. \$, and other financial data. Includes sub-tables for Dollar values and interbank exchange rates.

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International Diamond Sales. Head office: 88-89, Hovenierstraat 2002 Antwerp, Belgium. Tel: 031-01 77 84, Telex 95388 Indis-b.

Large advertisement for Tokyu Land Corporation featuring a logo, company name, and a list of international banks and financial institutions.

Steelmakers Urge Bonn to Impose Duties

New York Times Service BONN — West Germany's steelmakers have called on the Bonn government to impose countervailing duties on steel imports from other European countries after weekend talks in Luxembourg failed to meet a EEC deadline to agree on a system of voluntary production curbs.

SEC Is Studying Charges Against Hunts

By Jerry Knight Washington Post Service WASHINGTON — The Securities and Exchange Commission has disclosed for the first time that it is studying possible fraud charges against the billionaire Hunts of Texas for their part in the collapse of the silver market last year.

NYSE Nationwide Trading Closing Prices Mar. 31

Table with multiple columns showing stock prices, volume, and market indices for various sectors like Industrials, Chemicals, and Energy.

Eurocurrency Interest Rates

Table showing interest rates for various currencies and maturities, including Dollar, D-Mark, Swiss, and French.

Floating Rate Notes

Table listing floating rate notes with columns for bank names, coupon rates, and bid/ask prices.

INTERNATIONAL BUSINESS OPPORTUNITIES. Leading company in video-technology and media-fields offers active or silent partnership for. Approx. DM 2.5 millions.

Toronto Stocks

Table showing closing prices for Toronto stocks on March 30, 1981, including various Canadian companies.

European Stock Markets

Table showing closing prices in local currencies for European stock markets including Amsterdam, Paris, London, Brussels, Frankfurt, Zurich, and Milan.

Transportation/Markets. Louisiana, right in the middle of the growing Sunbelt, combines maximum flexibility of domestic rail, road and air facilities with 5,000 miles of interstate waterways.

AS RUUDI Impulse seeders. ALUDIN ELEKTRIC. P.O. Box 3420 - 1001 AE Amsterdam.

Profit From The Growing Auto Appearance Business. Proven Success Formula. Now you can be part of the same successful business formula being used by over 2,000 Tidy Car dealers.

ADVERTISING INTERNATIONAL FUNDS. The net asset value quotations shown below are supported by the Funds (listed with the exception of some funds whose net asset value quotations are not available).

TIDY CAR DEALERSHIPS AVAILABLE. Profit From The Growing Auto Appearance Business. Recent Breakthrough in Auto Dry-Cleaning and Paint Sealing.

EQUIPMENT LEASING. We are one of Europe's most experienced firms specializing in the leasing of containers and related equipment.

CAPITAL AVAILABLE. For viable international projects, R.E., Bus, Expansion, Working Capital, Start-ups, Stand-by Letters of Credit and Bank Guarantees Available.

Paris Commo. (Pharmaceuticals in French Francs) March 31, 1981.

Taiwan Loan Lim. TAIPHI — A proposal Taiwan's calling on for raising by state enterprise bonds \$8 and \$9 billion.

European Gold M. Declaration of a stock dividend of 7% and an extraordinary stock dividend of 1% for a total of 8%.

Gold Options. Valuers White We 1, Quai de Mont-Blanc, 1201 Geneva 1, Switzerland.



MEX Nationwide Trading Closing Prices Mar. 31

Tables include the nationwide prices up to the closing on Wall Street.

Large table of stock prices for various companies, including columns for company name, price, and change. Includes sub-sections for '27-Month Stock' and '17-Month Stock'.

U.S. COMMODITY PRICES

Table of commodity prices including Soybean Oil, Wheat, Corn, Cotton, and various metals. Includes sub-sections for 'Chicago Futures', 'International Monetary Market', and 'New York Futures'.

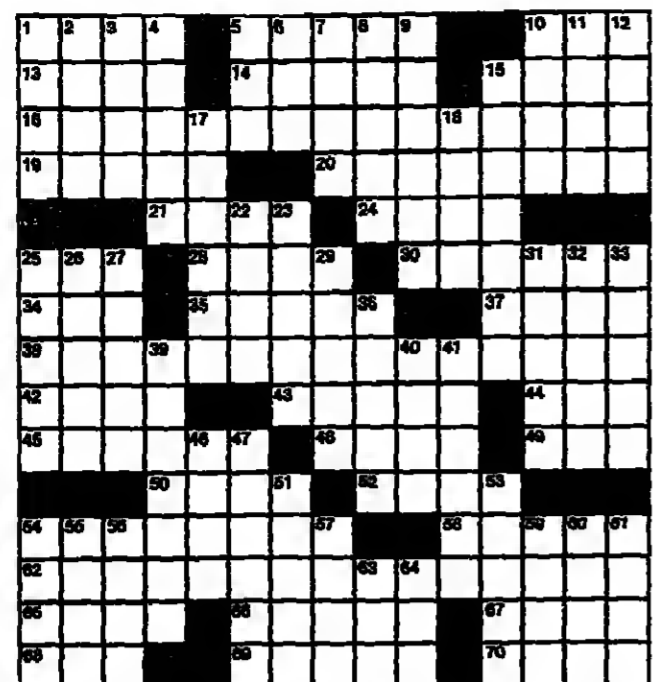
Table of Cash Prices for various commodities like coffee, sugar, and oil, with columns for commodity name and price.

Table of Commodity Indexes for March 31, 1981, listing various index values and their changes.

Advertisement for Finnigan Corporation, U.S. \$10,000,000 Equivalent Euro-Currency Placement of 6% Convertible Subordinated Notes Due 1986. Includes contact information for Blyth Eastman Paine Webber.

Small text at the bottom of the page providing additional information and disclaimers.

CROSSWORD By Eugene T. Maleska



- ACROSS: 1 Plumbum, 5 Capital of Ghana, 10 Resort, 13 Ship in a Greek myth, 14 Customer, 15 "I'm a poor Yorick", 16 Result of breaking a speculum?, 19 Gay, W.W. II plane, 20 Eternal, 21 R.A.F. aircraftmen, 22 Colloq., 24 Casino items, 25 Badly, 28 Dishes, 38 Dropped, 39 Enzyme, 35 Cyclotron item, 37 City on the Truckee, 38 Curse of Scotland, 42 Sea swallow, 43 Untrue, 44 Fish eggs, 45 Part of a pump, 48 Sow, 49 Abstract being, 50 First name in whodunits, 52 Spinnaker or rib, 54 Citizens of Entebbe, 58 Gem weight, 62 The idea of January, septennially, 65 These fit to tholes, 66 Jagged, 67 Repetition, 68 Curve of a ship's plank, 69 Marine abysses, 70 Daze, DOWN: 1 Flow along, 2 Inisfail, 3 Exchange, 4 Last name in whodunits, 5 Arab cloak, 6 Mongrel, 7 Anatomical sac, 8 Bridge call, 9 A Musketeer, 10 Turn; twist, 11 Moccasins, 12 Requests, 13 Brisk, to Bellini, 17 Ceruminous impediment to hearing, 18 Prefix for stich or style, 22 Gambling game, 23 Inflexible, 25 Soprano, 26 Pale, 27 Suggestive looks, 28 Fountain treats, 31 Art category, 32 Opposite of broadside, 33 Medicinal quantities, 34 City in Ohio, 39 Means, 40 Where a landlubber is a dub who flubs, 41 One of Galileo's patrons, 46 Wagnerian goddess, 47 Romped, 51 - nous, 53 Dens, 54 Controversial saucers, 55 Favorite sifter, 56 Lighthearted, 57 Home in a nursery rhyme, 58 Disturbance, 60 Aleutian island, 61 Now's partner, 63 Sixth sense, 64 Ballot marks

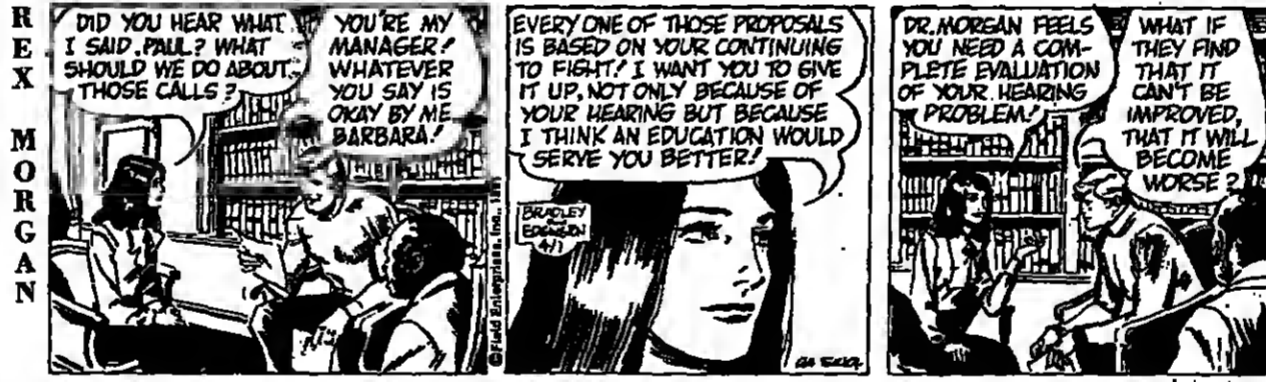
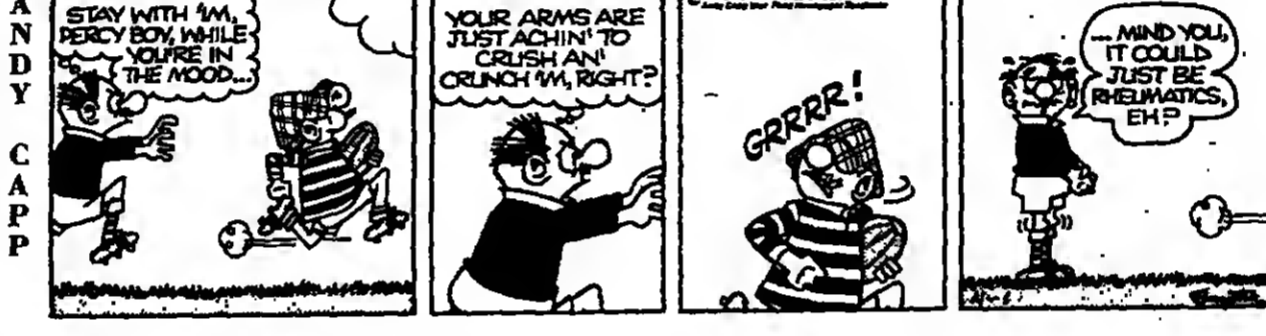
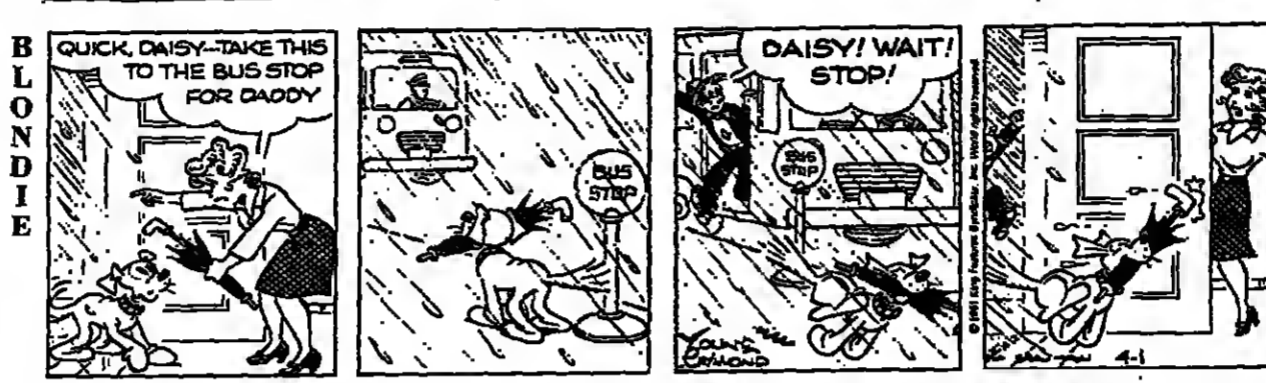
Solution to Previous Puzzle with a grid containing words like 'GERARDE', 'VYRETT', 'PIED PIPER', etc.

WEATHER table with columns for HIGH, LOW, and weather conditions for various cities like ALABAMA, AMSTERDAM, ANKARA, etc.

RADIO NEWSCASTS BBC WORLD SERVICE. Broadcasts of 0000, 0200, 0400, 0600, 0800, 1000, 1200, 1400, 1600, 1800, 2000, 2200, 2300 (All Times GMT).

VOICE OF AMERICA. The Voice of America broadcasts world news in English on the hour and 20 minutes after the hour during varying periods to different regions.

A Key Change May Give Musician His Chance to Play for Big Stakes. KANSAS CITY, Mo. — Thomas Clark Twyman, a musician, wanted to be rich and famous by the time he was 30. Another \$500 and he will be. A Jackson County judge approved his request for a name change last month. The new name: Rich N. Famous.



JUMBLE word game. Unscramble these four jumbles, one letter to each square, to form four ordinary words. Words: INVEA, ENTAK, YEMDOC, TANTIA.



BOOKS THE CAT AND THE KING By Louis Auchincloss. Houghton Mifflin. 183 pp. \$10. Reviewed by John Leonard

IF we think of Louis de Rouvroy, Simon, as a sort of Truman Capote, we gain perspective. Saint-Simon had the court of the Sun King, Louis XIV, at Versailles to write about, Capote must settle for French restaurants in midtown Manhattan, where the beautiful people rehearse their failures of character. If a cat can't find a king to look at, there is always a celebrity. The important thing is to be part cat and part mockingbird and parrot.

Such passionate dignity is foreign to Versailles, although homosexuality and incest are not, while gossip assumes the proportions of slander. A short and thin-lipped Saint-Simon, for whom the only blood is royal blue, most scheme and lament. His wife is a better counter than he is; she understands the hydraulics of advantage seeking.

1937 Dali Work Sold for \$360,000. LONDON (UPI) — One of Salvador Dali's best known paintings, "Le Souffleur," a record for a living artist and for a Surrealist painting, Christie's auction house said.

BRIDGE. POLITICIANS and pundits may look back over a year or a decade, attempting to determine what went wrong and who should be saddled with the blame. Bridge players conduct their post-mortems with a shorter focus, trying to determine what went wrong in a match, a session or a single deal.

Handwritten text in Arabic script at the bottom left of the page.



